

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Mayor's Report

Will be inserted after being tabled to council.

1.2 Council Resolutions

Will be inserted after being approved by council.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 78 used to guide the compilation of the 2016/17 MTREF (Medium-term Revenue and Expenditure Framework).

South Africa is currently in the build-up towards the 2016 local government elections. All municipalities are encouraged to act towards ensuring financial sustainability. Now, more than ever before, it is paramount for sound municipal decision-making so that long-term sustainability of municipal finances and service delivery is achieved beyond the election period.

The 2015 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. Growth in developing economies has moderated in response to lower commodity prices, subdued domestic demand and reduced capital inflows. Growth in some developed economies has offset this slowdown. The South African economy is expected to grow by 1.5 per cent in 2015, 1.7 per cent in 2016 and 2.6 per cent in 2017. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, pose some risk to the inflation outlook. Furthermore the electricity supply shortages pose the largest domestic risk to growth.

Persistent high unemployment remains one of South Africa's most pressing challenges. Difficult trading conditions and low business confidence levels have limited hiring during 2015. The formal sector lost 76 000 jobs, with sharp declines in manufacturing and construction, as well as community, social and personal services.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures.

In order to address these challenges, the following Strategic Goals are contained in IDP (Integrated Development Plan) of Swartland Municipality and aligned to the goals of the District Municipality, Western Cape Government and National Government:

| Swartland Municipality IDP Outcomes (2012) | District Municipality IDP (2012) | Provincial Strategic Plan (2014-2019) | National Development Plan (2012) |
|---|---|--|--|
| 1 A financially sustainable municipality with well-maintained assets | 5 To ensure good governance and financial viability | 5 Embed good governance and integrated service delivery through partnerships and spatial alignment | Chapter 13: Building a capable and developmental state |
| 2 Satisfied, involved and well informed clients | | | |
| 3 An effective, efficient, motivated and appropriately skilled work force | | | |
| 4 Access to affordable and reliable municipal infrastructure | 4 To provide essential bulk services to the district | 4 Enable a resilient, sustainable, quality and inclusive living environment | Chapter 4: Economic infrastructure |
| 5 Sustainable development of the municipal area - urban and rural environment | 1 To ensure the environmental integrity of the district is improved | 4 Enable a resilient, sustainable, quality and inclusive living environment | Chapter 5: Environmental sustainability and resilience |
| 5 Sustainable development of the municipal area – economic development | 2 To pursue economic growth and the facilitation of job opportunities | 1 Create opportunities for growth and jobs | Chapter 3: Economy and employment Chapter 6: Inclusive rural economy Chapter 9: Improving education, training and innovation |
| 5 Sustainable development of the municipal area – Social development | 3 To promote the social well-being of residents, communities and targeted social groups in the district | 2 Improve education outcomes and opportunities for youth development 3 Increase wellness, safety and tackle social ills | Chapter 8: Transforming human settlements Chapter 9: Improving education, training and innovation Chapter 10: Health care for all Chapter 11: Social protection |
| 6 A lean, integrated, stable and corruption free organisation | | 5 Embed good governance and integrated service delivery through partnerships and spatial alignment | Chapter 14: Fighting corruption Chapter 15: Nation building and social cohesion |
| 7 Increased community safety through traffic policing, by-law enforcement and disaster management | | 3 Increase wellness, safety and tackle social ills | Chapter 12: Building safer communities |

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2016/17 MTREF (R'000)

| Description | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|----------------------|---|------------------------|------------------------|
| R thousands | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Total Operating Revenue | 531 514 | 599 866 | 657 270 | 674 333 |
| Total Operating Expenditure | 593 012 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) before capital transfers | (61 499) | (43 550) | (34 902) | (24 199) |
| Transfers recognised - capital | 51 958 | 34 304 | 36 072 | 36 559 |
| Contributions recognised - capital & contributed assets | 1 500 | 666 | – | – |
| Surplus/(Deficit) for the year | (8 041) | (8 580) | 1 170 | 12 360 |

Total operating revenue is expected to grow by 12.86 per cent or 68.353 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 9.57 and 2.60 per cent respectively, equating to a total revenue growth of R142.819 million over the MTREF (2016/17 to 2018/19).

Total operating expenditure for the 2016/17 financial year has been appropriated at R643.416 million and translates into a budgeted deficit of R43.550 million (before capital transfers). When compared to the 2015/16, operational expenditure is projected to grow by 8.50 per cent in the 2016/17 budget and by 7.58 and 0.92 per cent for each of the respective outer years of the MTREF.

Based on the information provided above, it is noted that there is a slowdown in both revenue and expenditure growth. However, if we exclude the conditional grant funding and related expenditure, the following growth trends are noted.

| Description | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|---------------------------|---------------------------|
| | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | |
| Growth in Operating Revenue (Excluding Conditional Grants) | 12.02% | 9.97% | 8.47% |
| Growth in Operating Expenditure (Excluding Conditional Grants) | 7.50% | 7.81% | 6.37% |

As a result of the projected revenue being increased at a greater rate than the planned expenditure program, the operating deficit (before capital grant transfers) stated at R 61.499 million in 2015/16 is expected to decrease to R24.199 million in 2018/19. Although this decline in operating deficit is a major step towards the operating budget of the municipality being self-sustainable, the municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not require the ratepayer to fund these operations through property taxes.

The financial performance of all departments over the MTREF can be summarised as follows:

| | 2016/2017 | | | 2017/2018 | | | 2018/2019 | | |
|--|----------------|----------------|-----------------------|----------------|----------------|-----------------------|----------------|----------------|-----------------------|
| | Revenue | Expenditure | Surplus/ (Deficit) | Revenue | Expenditure | Surplus/ (Deficit) | Revenue | Expenditure | Surplus/ (Deficit) |
| Vote 1 - Corporate Services | | | | | | | | | |
| 1.1 - Administration | 93 | 8 128 | (8 035) | 112 | 8 636 | (8 524) | 112 | 9 229 | (9 117) |
| 1.2 - Human Resources | 193 | 3 847 | (3 653) | 209 | 4 033 | (3 824) | 227 | 4 336 | (4 108) |
| 1.3 - Libraries | 6 800 | 7 452 | (651) | 7 193 | 7 604 | (411) | 7 615 | 8 150 | (536) |
| 1.4 - Marketing and Tourism | 23 | 1 303 | (1 279) | 25 | 1 328 | (1 303) | 25 | 1 452 | (1 427) |
| 1.5 - Town and Community Halls | 250 | 3 187 | (2 937) | 263 | 3 326 | (3 063) | 276 | 3 710 | (3 434) |
| Vote 2 - Civil Services | | | | | | | | | |
| 2.1 - Administration | 46 | 3 648 | (3 602) | - | 3 714 | (3 714) | - | 3 960 | (3 960) |
| 2.2 - Cemeteries | 481 | 432 | 49 | 506 | 454 | 51 | 531 | 464 | 66 |
| 2.3 - Municipal Property Maintenance | 3 696 | 13 549 | (9 853) | 3 628 | 10 147 | (6 519) | 3 659 | 9 956 | (6 296) |
| 2.4 - Parks and Recreational Areas | 290 | 12 292 | (12 003) | - | 12 748 | (12 748) | - | 13 731 | (13 731) |
| 2.5 - Proclaimed Roads | 14 363 | 19 931 | (5 568) | 23 650 | 29 346 | (5 696) | 100 | 337 | (237) |
| 2.6 - Refuse Removals | 33 218 | 29 522 | 3 696 | 34 940 | 31 409 | 3 531 | 37 019 | 33 600 | 3 419 |
| 2.7 - Sewerage Services | 50 484 | 45 432 | 5 052 | 53 746 | 46 397 | 7 349 | 56 684 | 47 387 | 9 298 |
| 2.8 - Sportgrounds | 196 | 4 382 | (4 186) | 97 | 4 463 | (4 366) | 102 | 4 859 | (4 756) |
| 2.9 - Streets and Stormwater | 170 | 48 915 | (48 745) | 30 | 50 336 | (50 306) | 30 | 52 061 | (52 031) |
| 2.10 - Swimming Pools | 187 | 2 929 | (2 743) | 196 | 2 155 | (1 959) | 205 | 2 369 | (2 164) |
| 2.11 - Water Distribution | 52 680 | 59 569 | (6 889) | 66 204 | 78 529 | (12 325) | 74 126 | 83 483 | (9 357) |
| Vote 3 - Council | | | | | | | | | |
| 3.1 - Council General Expenses | 125 | 14 483 | (14 358) | 125 | 15 276 | (15 151) | 125 | 15 646 | (15 520) |
| 3.2 - Grants and Subsidies - General | - | - | - | - | - | - | - | - | - |
| Vote 4 - Electricity Services | | | | | | | | | |
| 4.1 - Distribution | 245 314 | 221 952 | 23 361 | 267 957 | 243 254 | 24 704 | 292 535 | 267 155 | 25 380 |
| 4.2 - IT Services | - | 9 918 | (9 918) | - | 9 934 | (9 934) | - | 10 722 | (10 722) |
| Vote 5 - Financial Services | | | | | | | | | |
| 5.1 - Administration | 36 833 | 32 407 | 4 426 | 42 985 | 34 043 | 8 942 | 46 998 | 37 545 | 9 453 |
| 5.2 - Grants and Subsidies - General | - | - | - | - | - | - | - | - | - |
| 5.3 - Grants and Subsidies - Fmg | 1 475 | 1 475 | 0 | 1 550 | 1 550 | 0 | 1 550 | 1 589 | (39) |
| 5.4 - IT Services | - | - | - | - | - | - | - | - | - |
| 5.5 - Stores And Purchasing | - | - | - | - | - | - | - | - | - |
| 5.6 - Rates Services | 92 494 | - | 92 494 | 99 507 | - | 99 507 | 107 555 | - | 107 555 |
| 5.7 - Supply Chain Management | - | 5 019 | (5 019) | - | 5 107 | (5 107) | - | 5 541 | (5 541) |
| Vote 6 - Development Services | | | | | | | | | |
| 6.1 - Administration | 1 | 1 703 | (1 702) | 1 | 1 815 | (1 813) | 1 | 1 931 | (1 929) |
| 6.2 - Caravan parks - Yzerfontein | 2 573 | 1 624 | 949 | 2 701 | 1 672 | 1 030 | 2 836 | 1 835 | 1 002 |
| 6.3 - Community Development | 127 | 3 700 | (3 572) | 37 | 4 038 | (4 001) | 137 | 4 139 | (4 002) |
| 6.4 - Planning and Valuations | 633 | 6 421 | (5 788) | 648 | 6 394 | (5 745) | 659 | 6 752 | (6 093) |
| 6.5 - Building Control | 1 790 | 2 551 | (761) | 1 880 | 2 651 | (771) | 1 973 | 2 847 | (874) |
| 6.6 - Housing | 20 228 | 22 165 | (1 937) | 12 228 | 14 181 | (1 953) | 228 | 2 283 | (2 055) |
| 6.7 - Occupational Health and Safety | - | 1 288 | (1 288) | - | 1 349 | (1 349) | - | 1 449 | (1 449) |
| Vote 7 - Municipal Manager | | | | | | | | | |
| 7.1 - Administration | - | 5 046 | (5 046) | - | 4 334 | (4 334) | - | 4 711 | (4 711) |
| 7.2 - Internal Audit | - | 1 516 | (1 516) | - | 1 582 | (1 582) | - | 1 637 | (1 637) |
| Vote 8 - Protection Services | | | | | | | | | |
| 8.1 - Administration | - | 1 747 | (1 747) | - | 1 857 | (1 857) | - | 1 977 | (1 977) |
| 8.2 - Civil Protection | - | 300 | (300) | - | 300 | (300) | - | 300 | (300) |
| 8.3 - Fire Fighting | 9 | 3 556 | (3 547) | 0 | 3 600 | (3 600) | 0 | 4 002 | (4 002) |
| 8.4 - Harbour Yzerfontein | 18 | 63 | (46) | 18 | 69 | (51) | 18 | 75 | (57) |
| 8.5 - Licensing and Traffic Services | 6 414 | 7 542 | (1 128) | 6 577 | 8 154 | (1 577) | 6 749 | 8 320 | (1 572) |
| 8.6 - Policing and Law Enforcement | 28 662 | 34 420 | (5 758) | 30 255 | 36 386 | (6 131) | 32 255 | 38 994 | (6 739) |
| Total (excluding capital transfers) | 599 866 | 643 416 | (43 550) | 657 270 | 692 172 | (34 902) | 674 333 | 698 532 | (24 199) |

During the 2011 Census, Swartland Municipality was identified as being the 5th fastest growing local municipality based on population size in South Africa with a growth rate of 4.56 per cent. While already faced with a housing and infrastructure backlog (similar to other municipalities in the country), this rapid growth rate places enormous strain on the municipality to keep up with the ever growing demand for housing and related services.

Council is thus tasked with a very important role to maintain their obligational duty placed upon them in terms of Section 152 of the constitution – to deliver high quality services to the community within the financial and administrative capabilities of the municipality.

The concept of “Quality Services” versus “Financial and Administrative Capabilities” can never be separated from one another, as bad services will ultimately lead to financial difficulties, while delivering services above the financial and administrative capabilities will ultimately lead to service delivery issues. More commonly, this is referred to as “Council’s Balancing Act”.

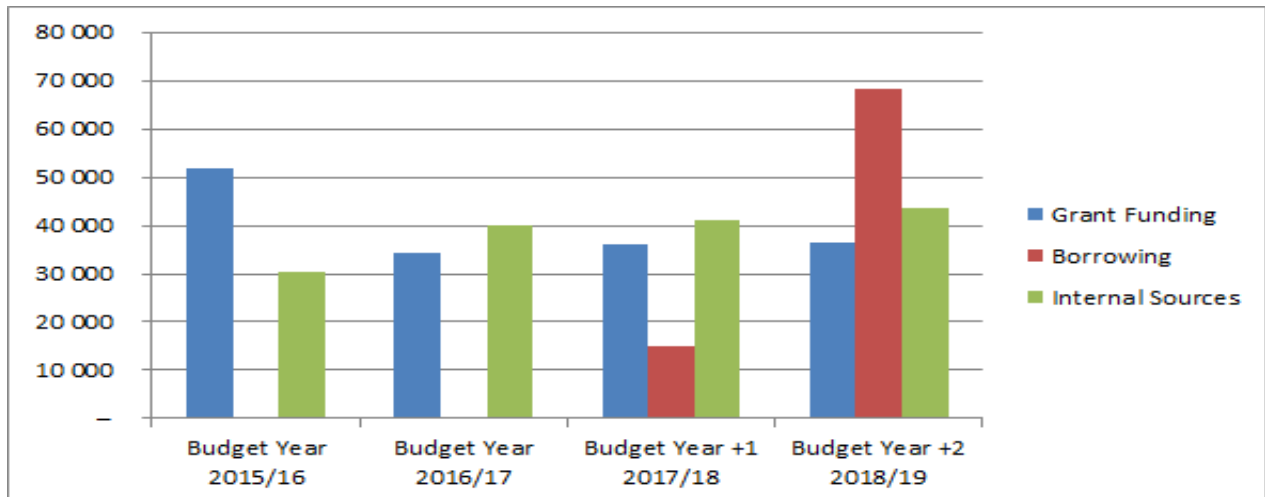
In view of the aforementioned, the municipality should always ensure that the capital program of the municipality does not compromise the financial sustainability of the municipality.

The following capital program is proposed by the municipality:

| Description | Final Budget | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|----------------------------------|---------------------------------|-----------------------------|---|-----------------------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| | Budget Year 2015/16 R'000 | Budget Year 2015/16 % | Budget Year 2016/17 R'000 | Budget Year 2016/17 % | Budget Year +1 2017/18 R'000 | Budget Year +1 2017/18 % | Budget Year +2 2018/19 R'000 | Budget Year +2 2018/19 % |
| Total Capital Expenditure | 83 701 | 100% | 74 945 | 100% | 92 115 | 100% | 148 450 | 100% |
| Funded by: | | | | | | | | |
| Transfers recognised - capital | 51 958 | 62% | 34 304 | 46% | 36 072 | 39% | 36 559 | 25% |
| Public contributions & donations | 1 500 | 2% | 666 | 1% | – | 0% | – | 0% |
| Borrowing | – | 0% | – | 0% | 15 000 | 16% | 68 227 | 46% |
| Internally generated funds | 30 243 | 36% | 39 975 | 53% | 41 043 | 45% | 43 664 | 29% |
| Total Capital Funding | 83 701 | 100% | 74 945 | 100% | 92 115 | 100% | 148 450 | 100% |

The capital budget of R74.945 million for 2016/17 is R 8.756 million less when compared to the final budget for 2015/16 (Adjustment Budget). This decrease can mainly be attributed to the decrease in proposed expenditure to be financed the Department of Human Settlements. The decline in grant funding is however offset by an increase in expenditure from own revenue sources. In the two outer years, capital expenditure from grant and own funding is projected to be in line with the proposed budget for 2016/17. The increase in capital expenditure to R 92.115 million in 2017/18 and R 148.450 million in 2018/19 can mainly be attributed to the additional capital expenditure requirements relating the bulk water services taken over from the West Coast District. The proposed expenditure amounting to R 15 million in 2017/18 and R 68,227 million in 2018/19 will be financed from a loan that will be raised on 1 July 2017 amounting to R 83,227 million.

The funding structure of the capital program can be illustrated as follows (R'000):

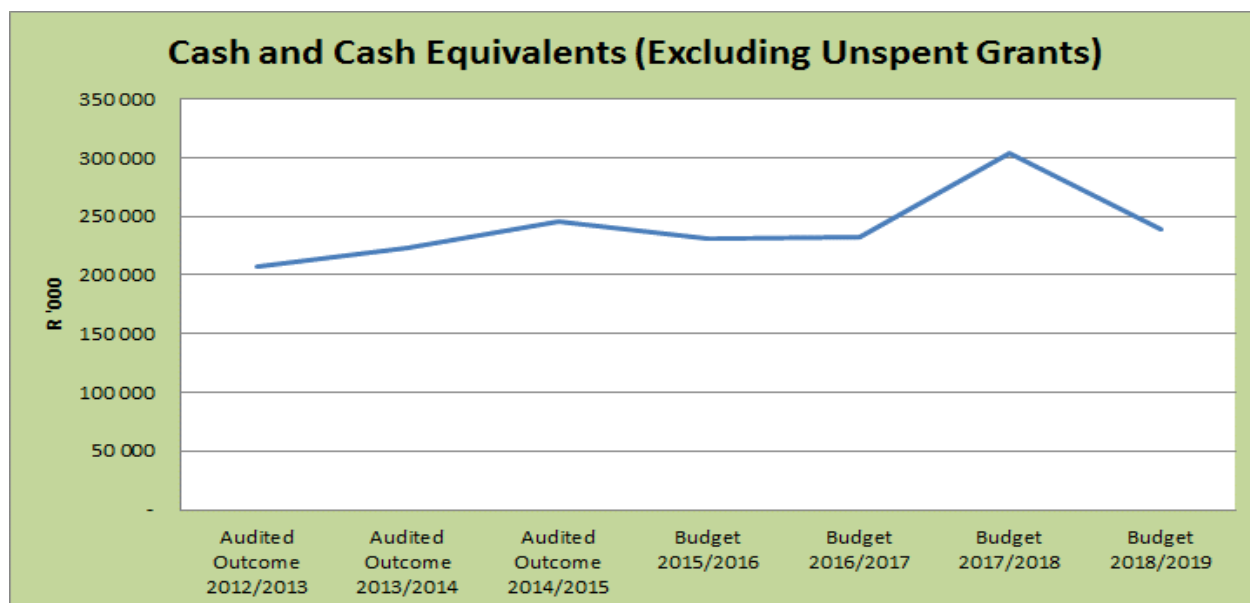


The affordability of the capital budget will be discussed in more detail below.

1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation, and even the increase, of cash resources over the long-term. Swartland Municipality is no different, and in line with the Long-Term Financial Strategy is committed this strategy as illustrated below:



The financial viability model utilised by Swartland Municipal is based on the model jointly developed by Swartland Municipality and the Western Cape Provincial Treasury and assesses 10 key ratios that is considered the most important indicators when assessing the long-term viability of the municipality. A weighting is attached to each indicator that will eventually provide the municipality with a viability score out of 100.

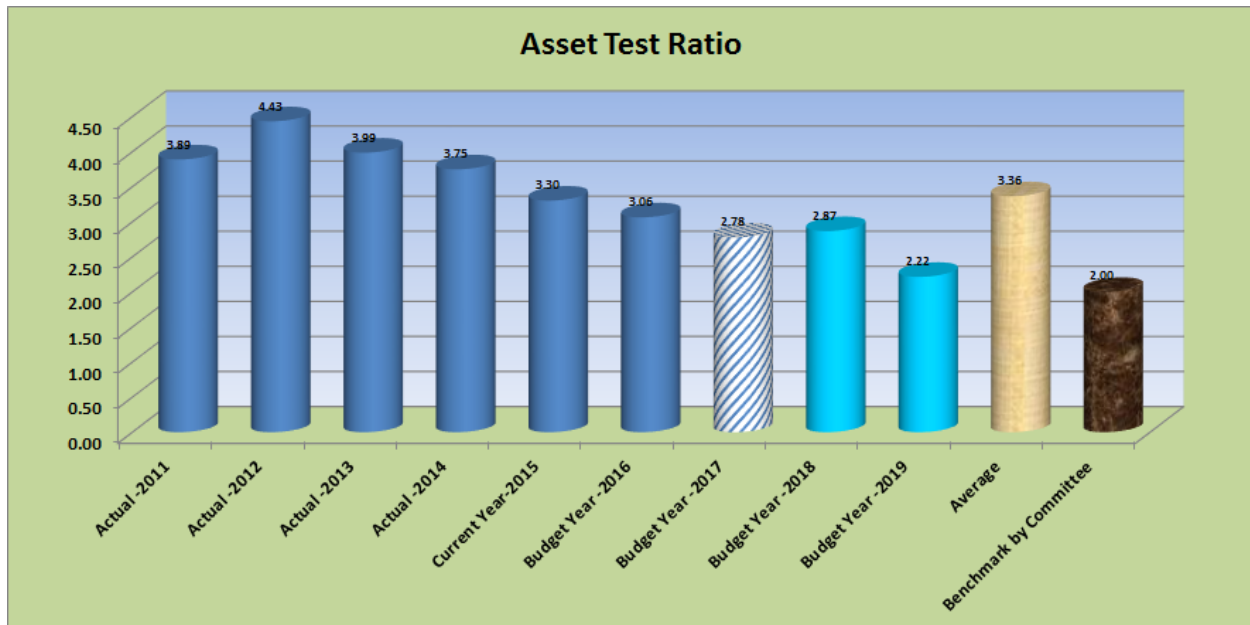
The municipality should always strive to achieve a score of 100. In the case where a score of less than 100 is achieved, the municipality should implement suitable strategies to improve the scoring.

The 10 indicators, along with the proposed benchmark and weight are included in the following table:

| ITEM | Benchmark | Viability Weight | Standard 1 | Score 1 | Standard 2 | Score 2 | Standard 3 | Score 3 | Standard 4 | Score 4 | Standard 5 | Score 5 |
|--|-----------|------------------|------------|---------|------------|---------|------------|---------|------------|---------|------------|---------|
| Asset Test Ratio | 200% | 10 | 200% | 10 | 150% | 8 | 100% | 5 | 50% | 2 | 0% | 0 |
| Payment Level (Excluding write-off of bad debts) | > 95% | 15 | 95% | 15 | 90% | 11 | 85% | 6 | 80% | 3 | 75% | 0 |
| Cash Generated from Operations as % of Revenue | > 20% | 8 | 20% | 8 | 15% | 6 | 10% | 4 | 5% | 2 | 0% | 0 |
| Purchase of PPE as % of Cash Generated | < 100% | 8 | 100% | 8 | 110% | 6 | 120% | 4 | 135% | 2 | 150% | 0 |
| Cost Coverage (Excluding Unspent Grants) | 4 | 15 | 4 | 15 | 4 | 10 | 3 | 5 | 2 | 2 | 1 | 0 |
| Debtors Turnover (days) (Before impairment) | < 45 days | 2 | 75 | 2 | 90 | 1 | 110 | 0 | 130 | 0 | 150 | 0 |
| Longterm debt as % of Revenue | < 40% | 5 | 40% | 5 | 50% | 4 | 75% | 3 | 95% | 2 | 100% | 0 |
| Debt servicing cost to Revenue | < 5% | 8 | 5% | 8 | 7.50% | 6 | 10% | 4 | 12.50% | 2 | 15% | 0 |
| Short-term debt as % of Cash | < 100% | 4 | 50% | 4 | 70% | 3 | 80% | 2 | 100% | 1 | 125% | 0 |
| Cash Funded Budget over MTREF | > R0 | 25 | Yes | 25 | No | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1.3.1.1 Asset Test Ratio

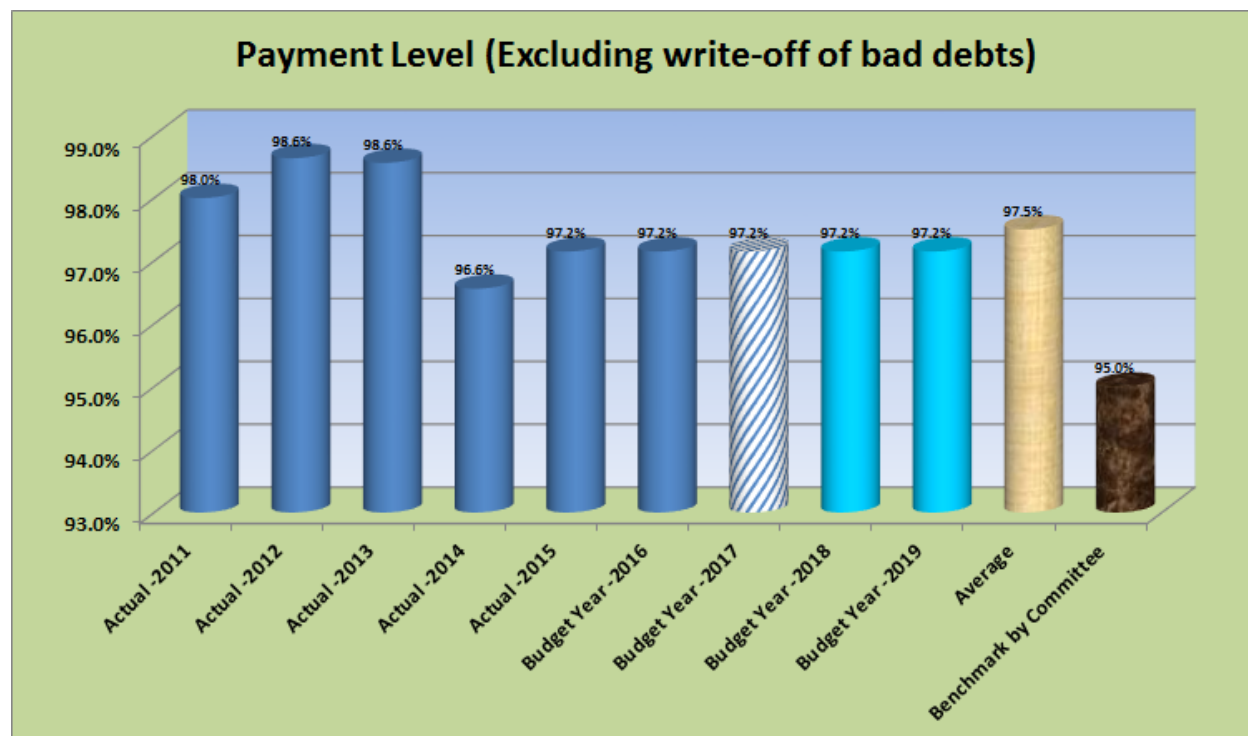
The asset test ratio is set to remain above the ratio of 2:1 over the entire MTREF. This provides us with a strong indication that the municipality will be able to settle commitments if and when they become due.



The full score of 10 is allocated to this indicator for all periods under review. The municipality should however take note of the downward trend that experienced in this ratio which is mainly the result of new external borrowings being introduced in the funding mix of the capital program resulting in an increase in payments due to financial institutions.

1.3.1.2 Payment Level

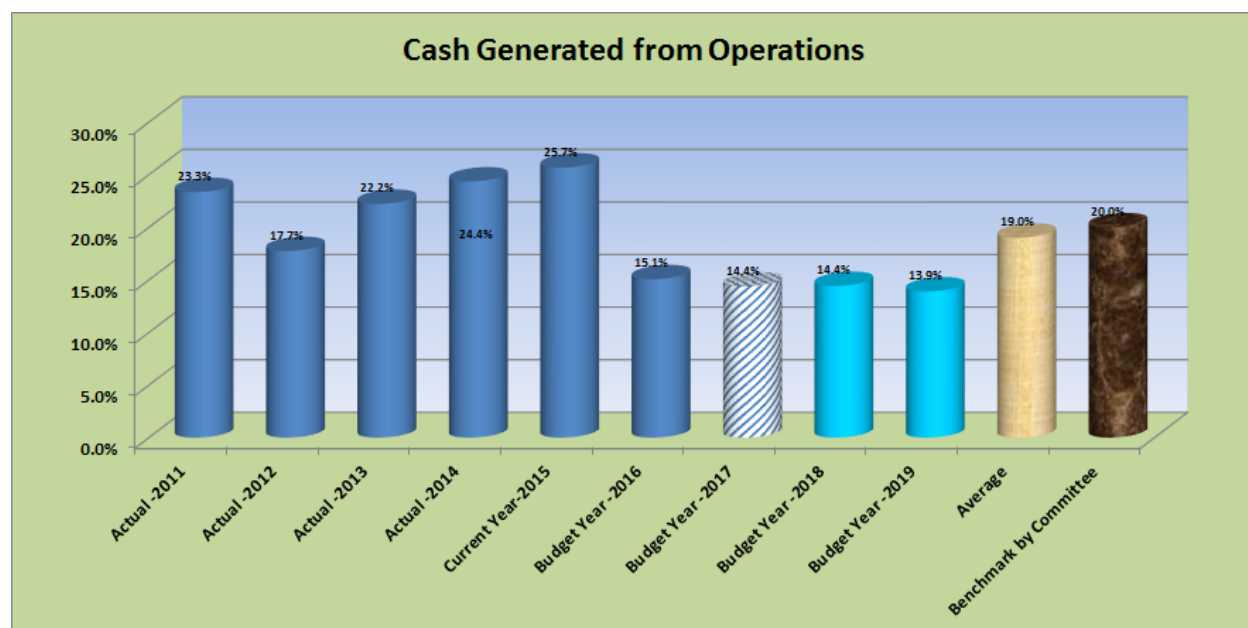
Historically, the municipality has always been able to apply strict measures when it comes to revenue collection and this trend is set to continue. The municipality managed to recover 97.15% of rates and service charges raised during 2014/15 and this trend is set to continue over the MTREF.



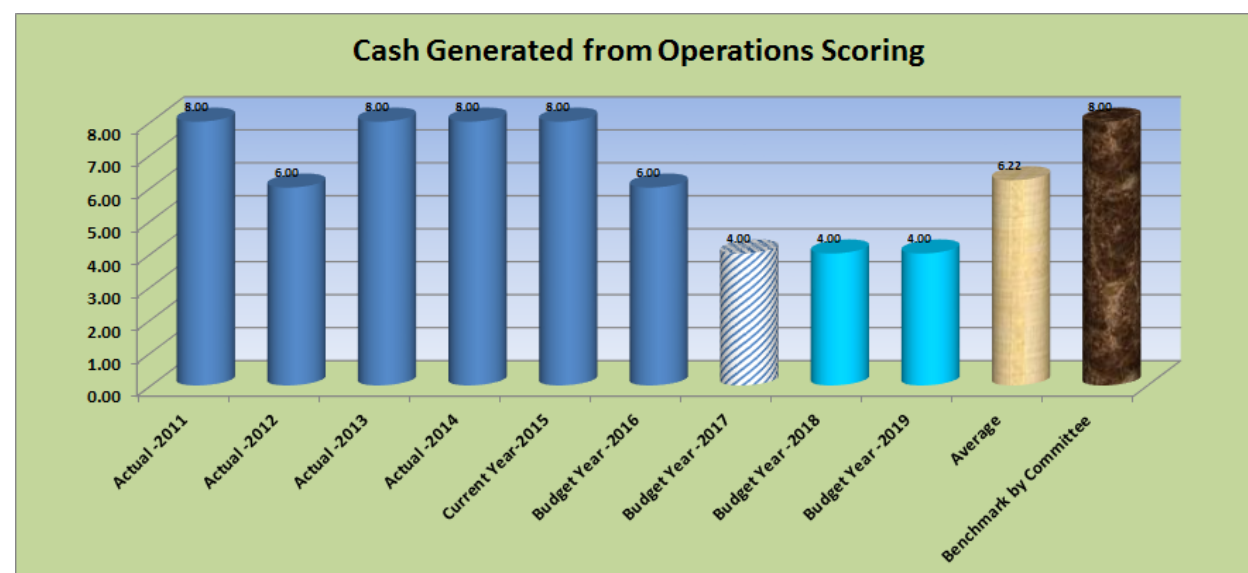
A full score of 15 is allocated for this indicator in all periods under review.

1.3.1.3 Cash Generated from Operations as % of Revenue

This indicator provides the municipality with a measure of the municipality's ability to translate the operating budget into cash. The downward trend as identified in the graph below is an indication of the inability of the municipality to pass the increases in major cost drivers to the consumer/rate payer in the form of service charges and taxes. The municipality should explore relevant areas where non-essential expenditure can be reduced in order to improve this indicator. Any improvement in this indicator will significantly contribute to the availability of cash resources for capital purposes.



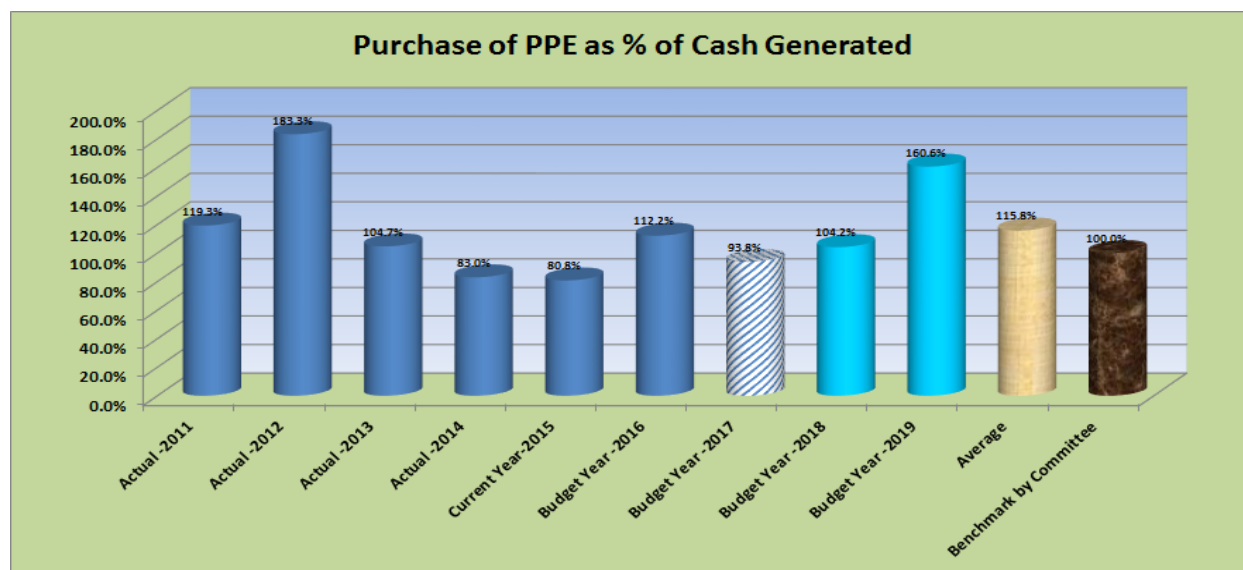
From a possible score of 8, the following are allocated to the municipality:



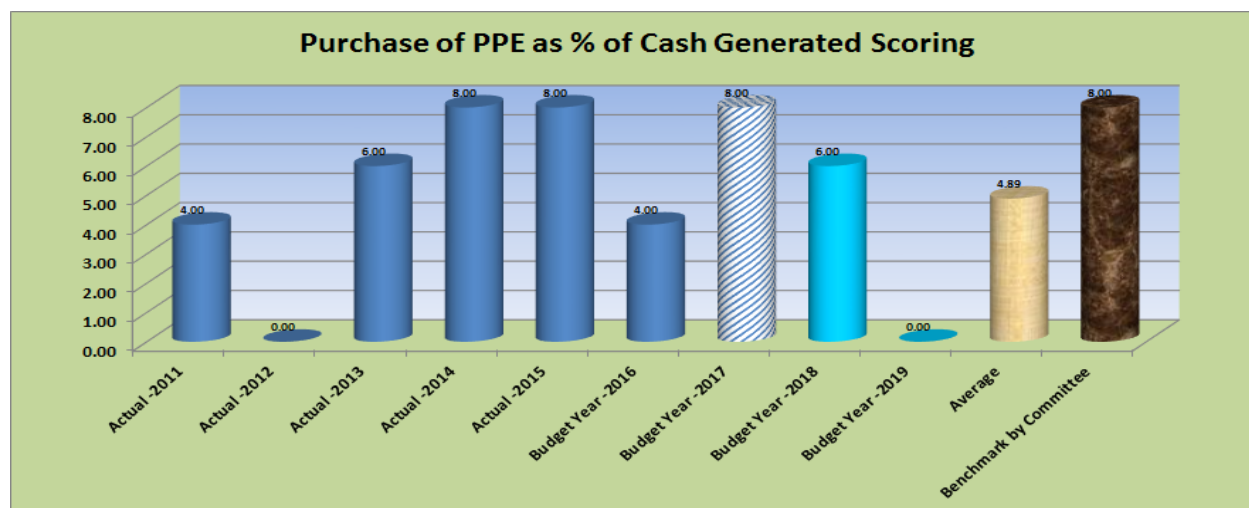
1.3.1.4 Purchase of PPE as % of Cash Generated

This indicator measures the ability of the municipality to finance the capital program from cash generated in the same financial period. Any indicator above 100% is indicative of a shortfall in cash which increases the need to utilize accumulated cash resources from prior years. Alternatively in order to preserve cash resources, the municipality will need to raise external loans. External loans is an excellent instrument to promote the principle of “user pays”, as the capital and interest cost associated with the loans are factored into the user tariffs over the useful life of the asset. It is also very useful to fast track much needed infrastructure projects where the municipality is not in a position to finance a specific project from own resources. The municipality should however be mindful of the affordability factor specifically relating to loans that will be discussed in more detail in section 1.3.1.7 and 1.3.1.8.

The following trend is evident from the current capital program employed by the municipality:



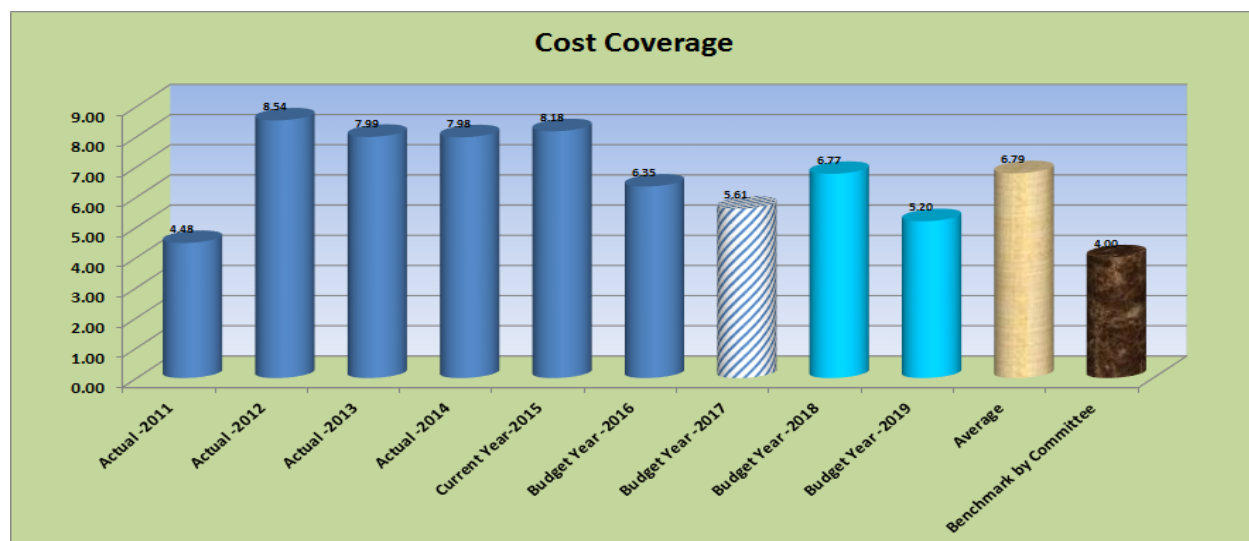
From a possible score of 8, the municipality will be allocated the following over the MTREF:



The municipality managed to score the maximum of 8 during 2016/17. The declining trend experienced during the outer two years can mainly be attributed to the large portion of the capital budget being allocated to the bulk water infrastructure that will be financed from external borrowing.

1.3.1.5 Cost Coverage

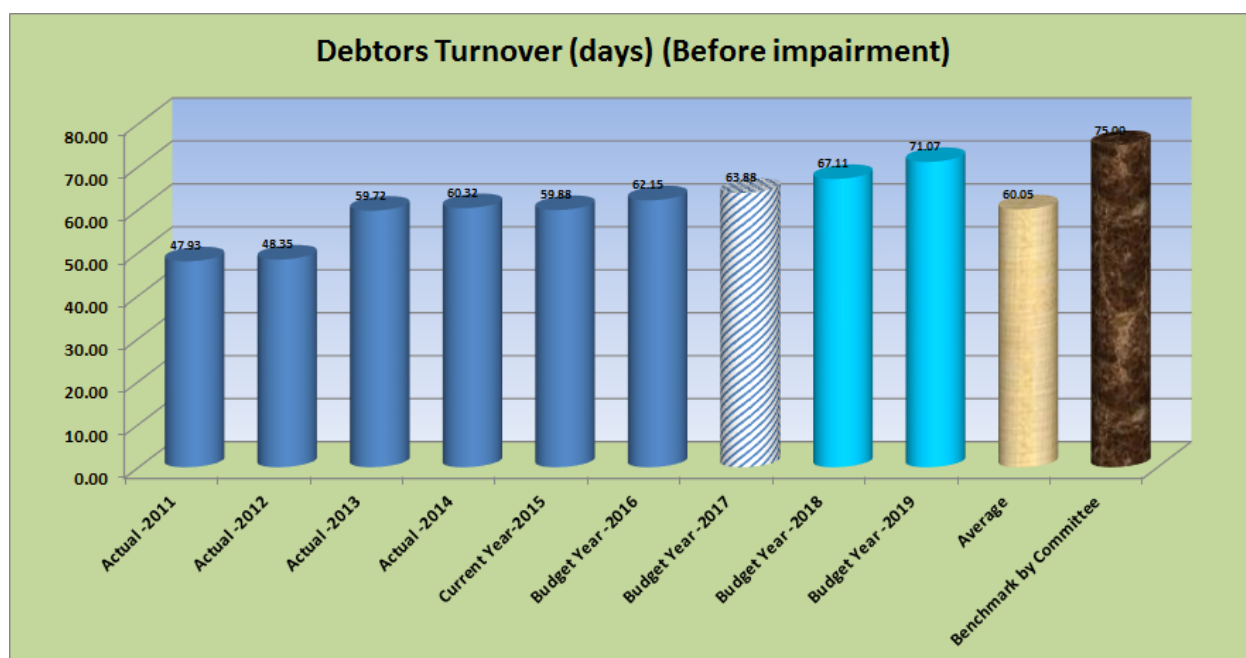
This ratio measures the amount of months' operating expenditure for which cash is available at each respective year-end. This indicator will also provide a good indication of how the municipality will be able to react to financial "shock/setbacks" that is beyond the control of the municipality (for example - National Treasury delays the payments of grants or a sudden drop in payment levels from consumers/rate payers). The guidelines provided by National Treasury indicate that a level of 1 to 3 months is considered to be acceptable. Swartland Municipality has however accepted a level of 4 months, which is in line with other municipalities that are considered to be financially sound, as the measure for this indicator.



The full score of 15 is allocated to this indicator for all periods under review.

1.3.1.6 Debtor Turnover Days

This ratio indicates to what extent credit control and debt collection measures are being implemented, as well as the municipality's policy with regards to writing off old debt. From a recovery point of view, the municipality is performing well above the norm at 97.15 % and this is quite evident in the graph below:



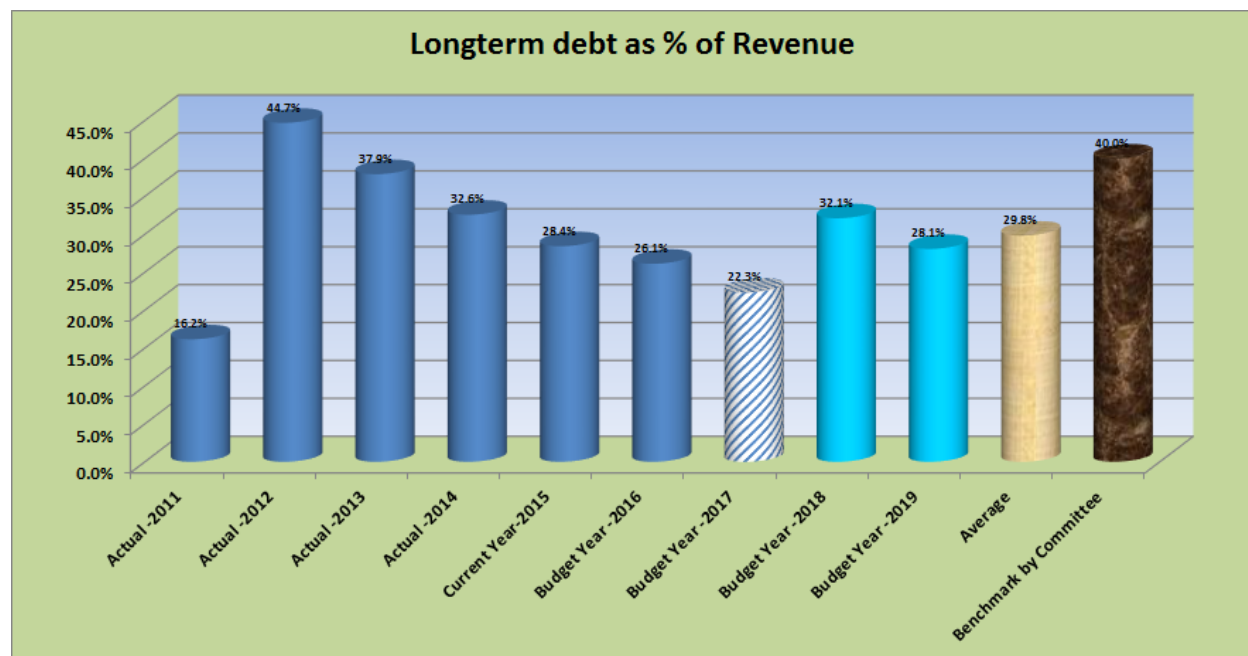
A full score of 2 is allocated to all periods under review.

1.3.1.7 Long Term Debt as % of Revenue

External borrowing is an important part of the funding model of the municipality. Not only does it instantly provide the municipality with relatively inexpensive capital to fast-track service delivery and infrastructure backlogs, but it also ensures that the user of the infrastructure pay for the use over the lifetime of the asset. The current capital program provides for a significant portion of the program to be financed through external financing.

This indicator provides the municipality with a debt ceiling – the maximum level of external borrowing that the municipality will be able to accommodate in the in the statement of financial position before the “affordability” factor becomes a concern.

Currently the municipality is operating well below the debt ceiling of 40%. Council should however consider the potential impact that the rapid increase in Electricity Service Charges could have on this benchmark. Service Charges Electricity contributed significantly to the increase in the operating revenue line items in recent years that resulted in the sharp decline in the ratio experienced since 2012. Based on the affordability ratio in 1.3.1.8 below, at current levels, the municipality might have already reached its debt ceiling.

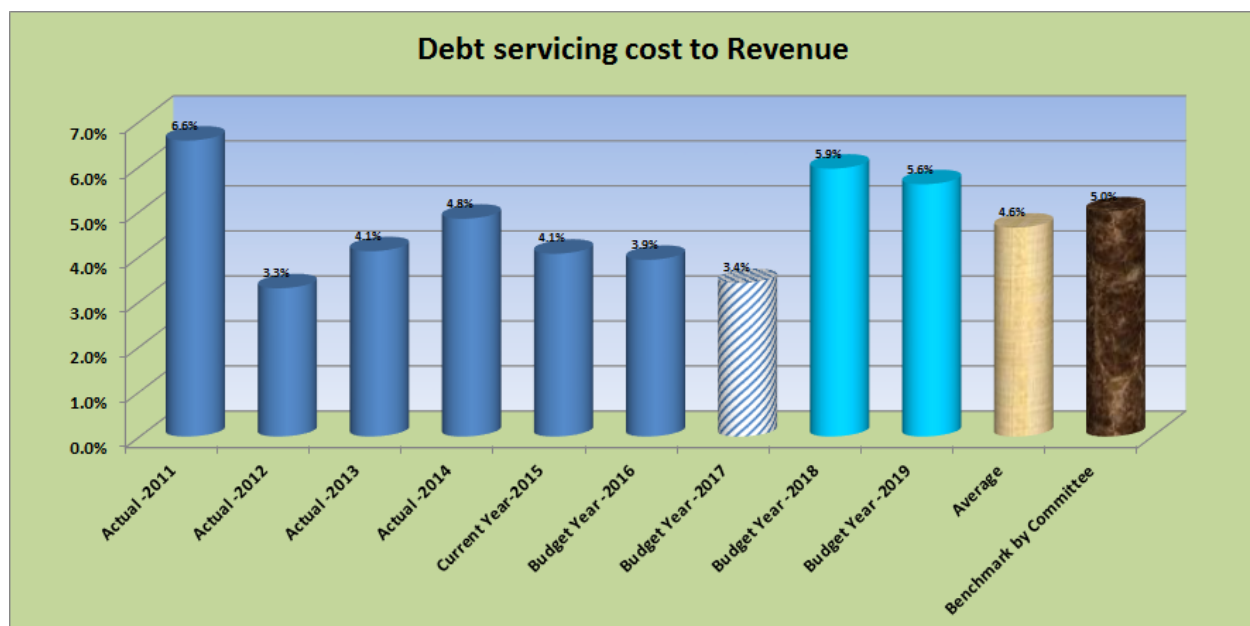


Based on the current funding mix, a full score of 5 is allocated to indicator over the entire MTREF.

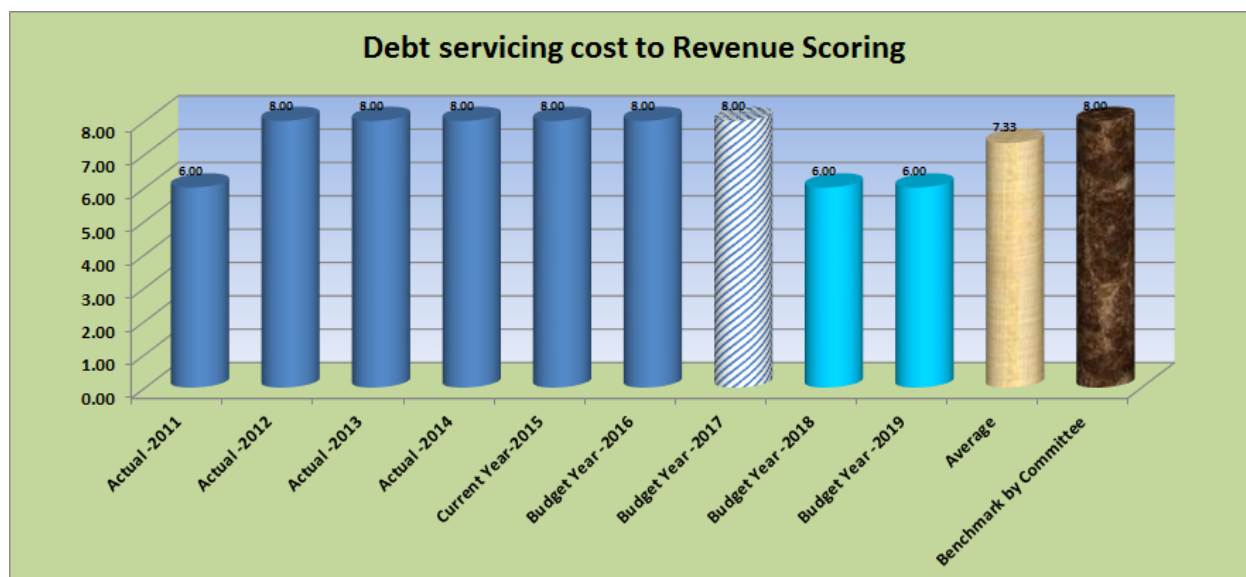
1.3.1.8 Debt Servicing Cost to Revenue

This indicator should be reviewed in conjunction with the debt ceiling as discussed in section 1.3.1.7 and is a measure of the ability of the operating budget to finance loan installments when they become due. A level of 5% is considered to be affordable.

Based on the current level of debt, the indicator is expected to be above the norm of 5% during 2017/18 and 2018/19. From an affordability perspective, there is no further room to take up any additional loans.

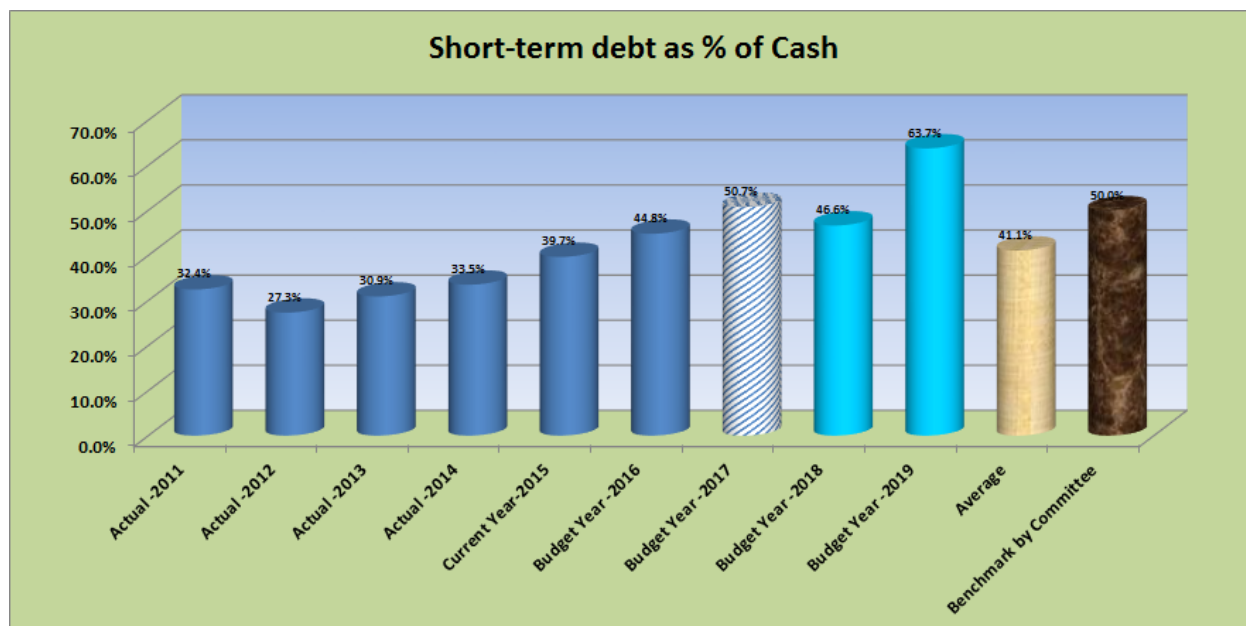


From a possible score of 8, the municipality will be allocated the following scores:



1.3.1.9 Short Term Debt as % of Cash

This indicator provides a measure of the municipality's ability to settle short term liabilities when they become due and payable. This indicator is positively impacted by the stabilising trend in cash resources as discussed earlier in this report. A level below 50% is considered to be acceptable.



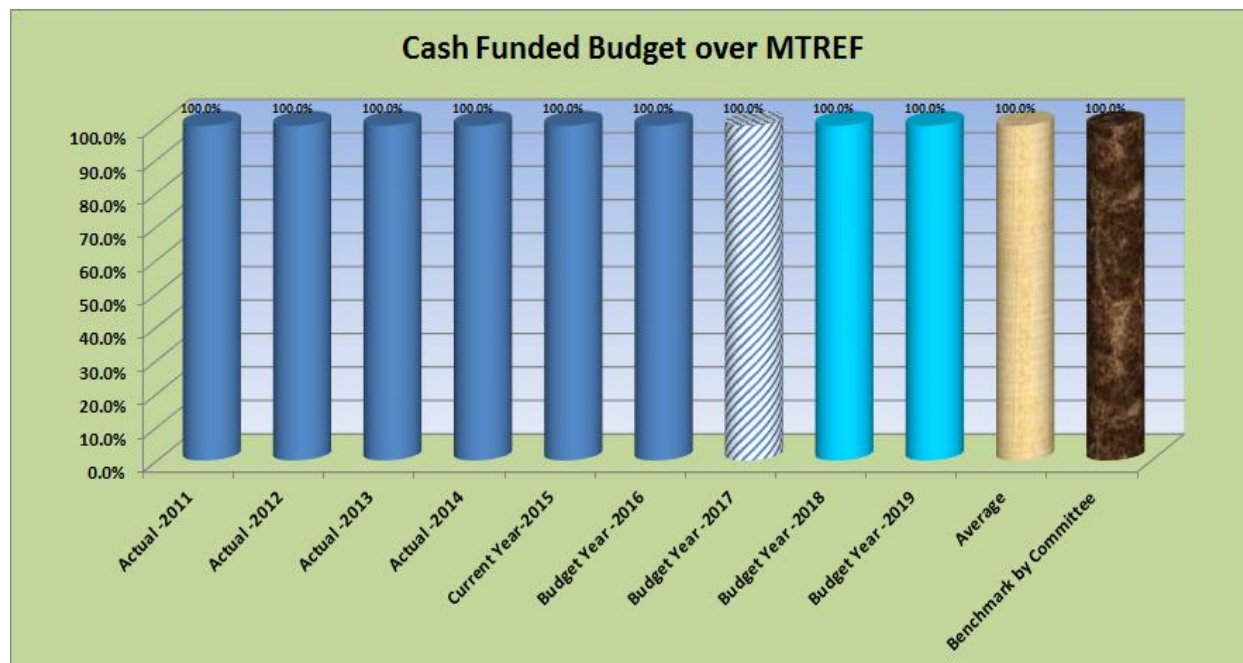
From a possible score of 4, the following is allocated:



1.3.1.10 Cash Funded Budget over the MTREF

A cash funded budget is arguably the most important indicator for a credible budget that is aligned to the funding requirement in MFMA Section 18 and for this reason the indicator carries the largest weighting in the financial viability scoring model.

It is projected that the municipality will be cash funded for the entire MTREF and the full score of 25 is allocated to all periods under review.



1.3.1.11 Total Viability Scoring

Based on the outcome of the 10 indicators above, the total scoring over the MTREF will be slightly lower than the maximum score of 100. The scoring is still considered very healthy.



The downward trend over the MTREF can mainly be attributed to the large capital program employed in the 2 outer years of the MTREF that could result in long and short term affordability concerns.

1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Property rates | 67 274 | 70 548 | 73 332 | 78 939 | 78 939 | 86 917 | 93 627 | 101 341 |
| Property rates - penalties & collection charges | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 165 057 | 173 572 | 191 017 | 208 823 | 208 747 | 240 868 | 263 141 | 287 315 |
| Service charges - water revenue | 30 945 | 32 269 | 38 515 | 41 620 | 41 696 | 46 904 | 59 926 | 67 300 |
| Service charges - sanitation revenue | 22 978 | 25 368 | 24 090 | 25 137 | 25 137 | 27 562 | 28 997 | 29 884 |
| Service charges - refuse revenue | 18 450 | 19 490 | 18 046 | 17 610 | 17 610 | 20 405 | 21 193 | 21 984 |
| Service charges - other | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | 2 885 | 3 235 | 3 430 | 3 349 | 3 349 | 3 586 | 3 759 | 3 940 |
| Interest earned - external investments | 9 917 | 12 934 | 16 371 | 8 300 | 17 800 | 17 300 | 17 300 | 17 300 |
| Interest earned - outstanding debtors | 1 441 | 1 586 | 1 693 | 1 376 | 1 376 | 1 483 | 1 495 | 1 509 |
| Dividends received | – | – | – | – | – | – | – | – |
| Fines | 2 948 | 23 725 | 27 316 | 25 735 | 25 735 | 28 236 | 30 236 | 32 237 |
| Licences and permits | 3 225 | 3 488 | 3 673 | 3 273 | 3 273 | 3 475 | 3 491 | 3 509 |
| Agency services | 2 496 | 2 725 | 3 105 | 2 799 | 2 799 | 2 939 | 3 086 | 3 240 |
| Transfers recognised - operational | 40 483 | 66 152 | 64 628 | 62 706 | 87 983 | 103 126 | 113 514 | 86 829 |
| Other revenue | 17 090 | 20 473 | 27 884 | 16 868 | 16 868 | 16 866 | 17 303 | 17 743 |
| Gains on disposal of PPE | 1 550 | 540 | 1 172 | 200 | 200 | 200 | 200 | 200 |
| Total Revenue (excluding capital transfers and contributions) | 386 739 | 456 105 | 494 271 | 496 737 | 531 514 | 599 866 | 657 270 | 674 333 |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Summary of revenue classified by municipal vote

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | | | | | | | | |
| Vote 1 - Corporate Services | 5 609 | 6 084 | 6 648 | 9 929 | 9 929 | 10 390 | 7 802 | 8 454 |
| Vote 2 - Civil Services | 97 971 | 110 921 | 121 402 | 164 635 | 163 711 | 184 475 | 209 469 | 198 417 |
| Vote 3 - Council | 34 831 | 73 628 | 56 741 | 125 | 125 | 125 | 125 | 125 |
| Vote 4 - Electricity Services | 166 856 | 176 095 | 194 134 | 211 931 | 211 855 | 247 414 | 267 957 | 302 535 |
| Vote 5 - Financial Services | 92 485 | 97 827 | 115 277 | 107 784 | 117 533 | 130 803 | 144 043 | 156 103 |
| Vote 6 - Development Services | 4 645 | 4 423 | 6 490 | 23 168 | 49 171 | 26 302 | 26 196 | 5 835 |
| Vote 7 - Municipal Manager | – | – | – | 430 | 430 | – | – | – |
| Vote 8 - Protection Services | 8 963 | 30 382 | 34 656 | 32 218 | 32 218 | 35 328 | 37 749 | 39 422 |
| Total Revenue by Vote | 411 360 | 499 361 | 535 348 | 550 221 | 584 972 | 634 836 | 693 342 | 710 892 |

Percentage growth in revenue base by main revenue source

| Description R thousand | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|--|----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| | Adjusted Budget | % | Budget Year 2016/17 | % | Budget Year +1 2017/18 | % | Budget Year +2 2018/19 | % |
| Revenue By Source | | | | | | | | |
| Property rates | 78 939 | 15% | 86 917 | 14% | 93 627 | 14% | 101 341 | 15% |
| Service charges - electricity revenue | 208 747 | 39% | 240 868 | 40% | 263 141 | 40% | 287 315 | 43% |
| Service charges - water revenue | 41 696 | 8% | 46 904 | 8% | 59 926 | 9% | 67 300 | 10% |
| Service charges - sanitation revenue | 25 137 | 5% | 27 562 | 5% | 28 997 | 4% | 29 884 | 4% |
| Service charges - refuse revenue | 17 610 | 3% | 20 405 | 3% | 21 193 | 3% | 21 984 | 3% |
| Rental of facilities and equipment | 3 349 | 1% | 3 586 | 1% | 3 759 | 1% | 3 940 | 1% |
| Interest earned - external investments | 17 800 | 3% | 17 300 | 3% | 17 300 | 3% | 17 300 | 3% |
| Interest earned - outstanding debtors | 1 376 | 0% | 1 483 | 0% | 1 495 | 0% | 1 509 | 0% |
| Fines | 25 735 | 5% | 28 236 | 5% | 30 236 | 5% | 32 237 | 5% |
| Licences and permits | 3 273 | 1% | 3 475 | 1% | 3 491 | 1% | 3 509 | 1% |
| Agency services | 2 799 | 1% | 2 939 | 0% | 3 086 | 0% | 3 240 | 0% |
| Transfers recognised - operational | 87 983 | 17% | 103 126 | 17% | 113 514 | 17% | 86 829 | 13% |
| Other revenue | 16 868 | 3% | 16 866 | 3% | 17 303 | 3% | 17 743 | 3% |
| Total Revenue (excluding capital transfers and contributions) | 531 314 | 100% | 599 666 | 100% | 657 070 | 100% | 674 133 | 100% |
| Total Revenue from Rates and Service Charges | 372 130 | 70% | 422 656 | 70% | 466 883 | 71% | 507 826 | 75% |

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 70 and 75 percent of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges amounts to R372.130 million or 70 per cent of total revenue mix. This figure increases to an estimated R422.656 million (70%), R466.883 million (71%) and R507.826 million (75%) in the respective financial years of the MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget. For this reason, the municipality should strive to maintain these revenue streams and if possible explore relevant avenues to increase these revenue sources.

More than 90 per cent of revenue is derived from the following sources:

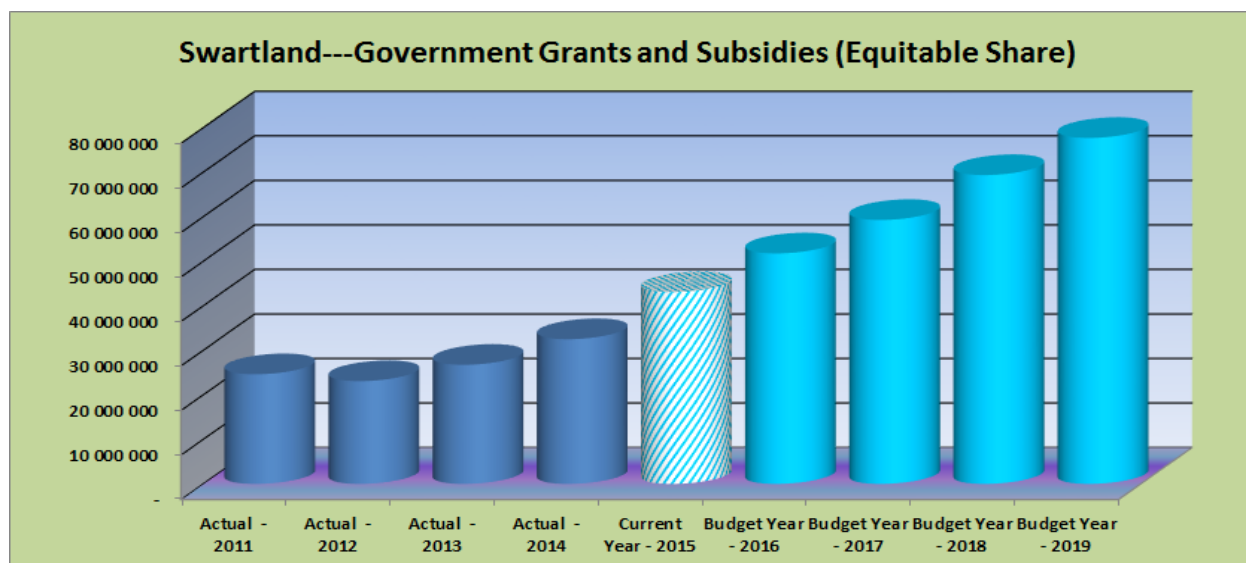
- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

1.4.1 Operating and Capital Grants

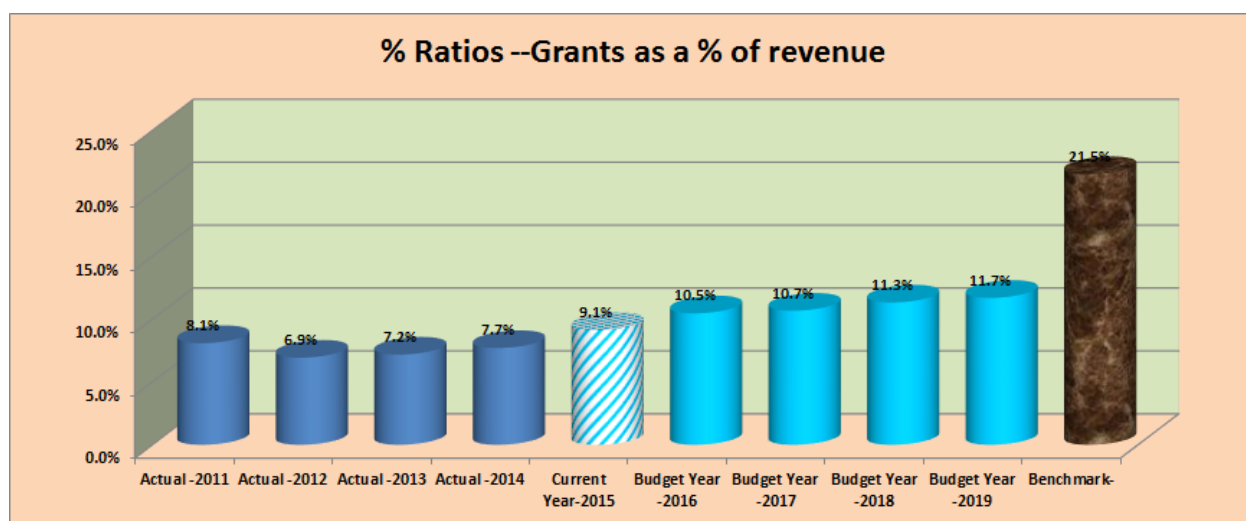
Grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

In line with the significant growth in population numbers over recent year (Swartland Municipality is the 5th fastest growing local municipality in South Africa for the period 2001 to 2011), the municipality has seen a significant increase in the DORA allocation for Equitable Share over the MTREF period.



Although the increase will be significant, the contribution to the total funding mix compared to other municipalities in the Western Cape is still very low:



The following grant allocations are currently factored into the budget of the municipality:

| Description | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Final Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | |
| EXPENDITURE: | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | |
| National Government: | 55 436 | 62 210 | 70 914 | 79 258 |
| Local Government Equitable Share | 51 772 | 59 275 | 69 364 | 77 708 |
| Municipal Systems Improvement | 930 | — | — | — |
| Finance Management | 1 549 | 1 475 | 1 550 | 1 550 |
| EPWP Incentive | 1 185 | 1 460 | — | — |
| Provincial Government: | 32 499 | 40 916 | 42 600 | 7 571 |
| Community Development: Workers | 28 | 37 | 37 | 37 |
| Housing | 13 888 | 20 000 | 12 000 | — |
| Refurbishment of Municipal Flats | 2 000 | — | — | — |
| Libraries | 6 185 | 6 616 | 7 013 | 7 434 |
| Proclaimed Roads Subsidy | 9 948 | 14 263 | 23 550 | — |
| Financial Management Support Grant | 100 | — | — | — |
| Financial Management Support Grant: mSCOA | 50 | — | — | — |
| Ilinge Lethu Centre | 100 | — | — | 100 |
| RSEP/VPUU Municipal Projects | 200 | — | — | — |
| Other grant providers: | 48 | — | — | — |
| Disaster Fund | 48 | — | — | — |
| Total operating expenditure of Transfers and Grants: | 87 983 | 103 126 | 113 514 | 86 829 |
| <u>Capital expenditure of Transfers and Grants</u> | | | | |
| National Government: | 20 709 | 24 949 | 21 722 | 32 759 |
| Municipal Infrastructure Grant (MIG) | 20 709 | 20 330 | 21 722 | 22 759 |
| ACIP Water conservation | — | 2 519 | — | — |
| Integrated National Electrification Programme (municipal) | — | 2 100 | — | — |
| Provincial Government: | 31 249 | 9 355 | 14 350 | 3 800 |
| Human Settlements | 28 516 | — | 7 700 | — |
| RSEP/VPUU Municipal Projects | 300 | 6 325 | 6 650 | 3 800 |
| Libraries | 2 425 | 3 030 | — | — |
| Community Development: Workers | 8 | — | — | — |
| Total capital expenditure of Transfers and Grants | 51 958 | 34 304 | 36 072 | 36 559 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 139 941 | 137 430 | 149 586 | 123 388 |

1.4.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R95 000;
- For pensioners and disabled persons, in terms of the Council's Tariff Policy, an additional total rebate of the rates payable on a R300 000 valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based are as follows:

| Rates | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|--|-------------------|-------------------|-------------------|-------------------|
| Geographical Areas | R 0.002212 | R 0.002452 | R 0.003235 | R 0.004102 |
| Agricultural Areas @ 22% of Residential Household | R 0.001516 | R 0.001199 | R 0.001271 | R 0.001347 |
| Business | R 0.007631 | R 0.006811 | R 0.007356 | R 0.007944 |
| Residential Household | R 0.006319 | R 0.005449 | R 0.005776 | R 0.006122 |
| Businesses in Agricultural Areas 100% - 2009 | R 0.007631 | R 0.006811 | R 0.007356 | R 0.007944 |
| Government properties | R 0.007631 | R 0.006811 | R 0.007356 | R 0.007944 |
| Pensioners @ 60% of residential - condition apply | R 0.003791 | R 0.003269 | R 0.003465 | R 0.003673 |

Recent investigations indicated that rates applicable to businesses were relatively lower compared to other major municipalities. This warranted an increase of 2% over and above the 6% general increase provided. These increases are relatively in line with the upper limit of the South African Reserve Bank's inflation target. Increases above the proposed 6% is also warranted to ensure that the operating deficit generated by the municipality is reduced.

1.4.3 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Water service charges are currently not cost reflective at Swartland Municipality and it is not expected that the service will become cost reflective over the MTREF.

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|-------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Water | 35 164 | 36 478 | 44 271 | 52 114 | 52 190 | 52 680 | 66 204 | 74 126 |
| Expenditure - Water | 41 814 | 42 881 | 49 270 | 57 885 | 55 236 | 59 569 | 78 529 | 83 483 |
| Net Surplus/(Deficit) | (6 649) | (6 403) | (4 999) | (5 771) | (3 047) | (6 889) | (12 325) | (9 357) |
| Net Surplus/(Deficit) % | -18.91% | -17.55% | -11.29% | -11.07% | -5.84% | -13.08% | -18.62% | -12.62% |

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

| Water | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|--|------------------|------------------|------------------|------------------|
| Household: 4 kl Free | R - | R - | R - | R - |
| Household: 5 kl - 25 kl | R 10.21 | R 11.23 | R 12.57 | R 14.08 |
| Household: 26 kl - 50 kl | R 14.06 | R 15.46 | R 17.31 | R 19.39 |
| Household: 51 kl and more | R 21.77 | R 23.94 | R 26.81 | R 30.03 |
| Equit Share: 8 kl Free - 2 kl Council + 6 kl EQS | R - | R - | R - | R - |
| Business | R 14.51 | R 15.95 | R 17.87 | R 20.01 |
| Farms Business | R 14.51 | R 15.95 | R 17.87 | R 20.01 |
| Sport Clubs | R 12.27 | R 13.49 | R 15.11 | R 16.92 |
| Departemental water consumption | R 10.21 | R 11.23 | R 12.57 | R 14.08 |
| Farms Household: 4 kl Free | R - | R - | R - | R - |
| Farms Household: 5 kl - 25 kl | R 10.21 | R 11.23 | R 12.57 | R 14.08 |
| Farms Household: 26 kl - 50 kl | R 14.06 | R 15.46 | R 17.31 | R 19.39 |
| Farms Household: 51 kl and more | R 21.77 | R 23.94 | R 26.81 | R 30.03 |

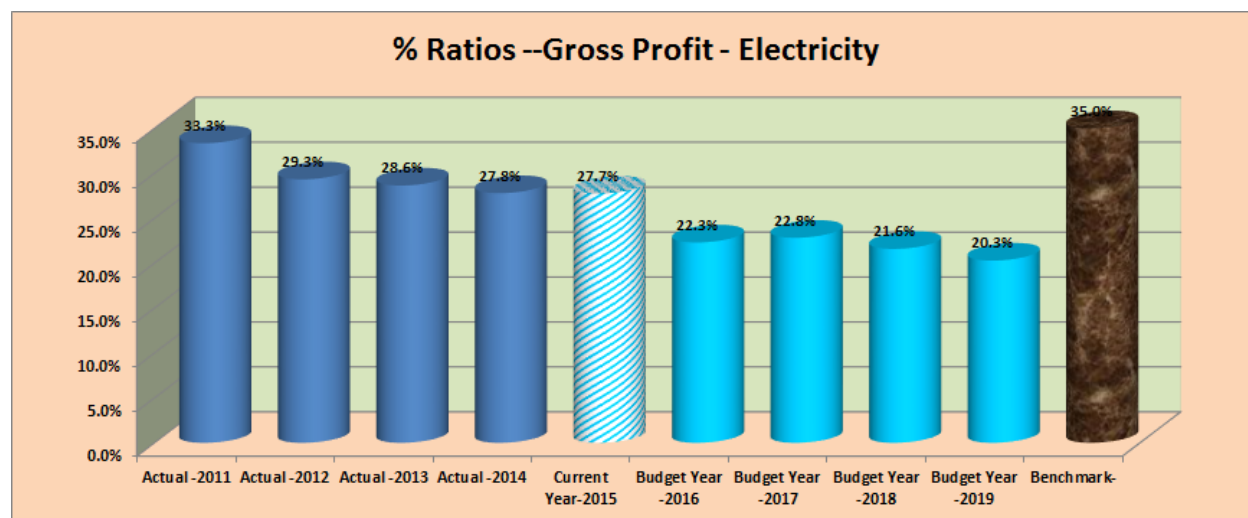
The following increases are factored into the tariffs above:

| Water | 2016/2017 | 2017/2018 | 2018/2019 |
|---|------------------|------------------|------------------|
| Household: 4 kl Free | | | |
| Household: 5 - 25 Kl | 9.95% | 12.00% | 12.00% |
| Household: 26 - 50 Kl | 9.95% | 12.00% | 12.00% |
| Household: 51 and more | 9.95% | 12.00% | 12.00% |
| Equit Share: 8 kl Free - 2 kl Council + 6 EQS | | | |
| Business | 9.95% | 12.00% | 12.00% |
| Farms Business | 9.95% | 12.00% | 12.00% |
| Sport Clubs | 9.95% | 12.00% | 12.00% |
| Departemental water consumption | 9.95% | 12.00% | 12.00% |
| Farms Household: 4 kl Free | | | |
| Farms Household: 5 - 25 Kl | 9.95% | 12.00% | 12.00% |
| Farms Household: 26 - 50 Kl | 9.95% | 12.00% | 12.00% |
| Farms Household: 51 and more | 9.95% | 12.00% | 12.00% |

Increases over and above the 6 per cent upper limit of the South African Reserve Bank's Inflation target is required to compensate for the shortfall currently experienced in delivering the water services. Recent studies have also indicated that the current water tariff charged by Swartland Municipality is also below that of its major peers.

1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading account which should operate at a significant profit. From the graph below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer.



NERSA approved an electricity bulk purchases increase amounting to 9.34% effective from 1 July 2016.

Although the service is still operating at a surplus over the MTREF, the profitability of the service is expected to be lower over the MTREF when compared to the most recent actual results (2014/15).

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|-------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Electricity | 166 855 | 176 095 | 194 129 | 211 931 | 211 855 | 245 314 | 267 957 | 292 535 |
| Expenditure - Electricity | 146 557 | 154 305 | 168 816 | 198 062 | 198 482 | 221 952 | 243 254 | 267 155 |
| Net Surplus/(Deficit) | 20 298 | 21 790 | 25 313 | 13 869 | 13 372 | 23 361 | 24 704 | 25 380 |
| Net Surplus/(Deficit) % | 12.16% | 12.37% | 13.04% | 6.54% | 6.31% | 9.52% | 9.22% | 8.68% |

With the proposed increases in tariffs relating to electricity largely beyond the control of the municipality, measures should be put in place to curb expenditure and electricity losses (which is already very low compared to industry standards) to ensure the service remains profitable in the foreseeable future. Electricity losses during 2013/14 and 2014/15 were calculated at 5.71 per cent, which is significantly lower than the 8.6 per cent calculated in 2012/13.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

| Electricity | | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|-------------|--|--------------|--------------|--------------|--------------|
| 1 | Households and Farming Consumers Basic | R 154.7158 | R 166.5361 | R 179.2594 | R 192.9549 |
| 1 | Households and Farming Consumers per kWh:- | | | | |
| 1 | (0-50kWh) | R 0.7866 | R 0.8400 | R 0.8970 | R 0.9580 |
| 1 | (51-350kWh) | R 0.9980 | R 1.0800 | R 1.1688 | R 1.2649 |
| 1 | (351-600kWh) | R 1.4137 | R 1.5200 | R 1.6343 | R 1.7572 |
| 1 | (>600kWh) | R 1.6606 | R 1.7900 | R 1.9294 | R 2.0797 |
| 2 | Commerce / Non Standard . Basic Ampere | R 7.2626 | R 7.8175 | R 8.4147 | R 9.0576 |
| 2 | Commerce / Non Standard .per kWh | R 1.301913 | R 1.401379 | R 1.508445 | R 1.623690 |
| 2 | Commerce Basic < 20KVA | R 393.5135 | R 423.5779 | R 455.9393 | R 490.7730 |
| 2 | Commerce Basic 20 to 40 KVA | R 517.6123 | R 557.1579 | R 599.7247 | R 645.5437 |
| 2 | Commerce Basic >40 KVA | R 944.6901 | R 1 016.8644 | R 1 094.5529 | R 1 178.1767 |
| 2 | Commerce Basic < 20KVA per kWh | R 1.301913 | R 1.401379 | R 1.508445 | R 1.623690 |
| 2 | Commerce Basic 20 to 40 KVA per kWh | R 1.301913 | R 1.401379 | R 1.508445 | R 1.623690 |
| 2 | Commerce Basic >40 KVA per kWh | R 1.301913 | R 1.401379 | R 1.508445 | R 1.623690 |
| 3 | Bulk Consumers Basic | R 1 062.7500 | R 1 146.2822 | R 1 236.3799 | R 1 333.5594 |
| 3 | Bulk Consumers - kWh | R 0.499686 | R 0.538961 | R 0.581324 | R 0.627016 |
| 3 | Bulk Consumers - Max. Demand KVA | R 204.8735 | R 220.5258 | R 237.3740 | R 255.5094 |
| 4 | Retail Consumers > 100 kWh | R 1.8021 | R 1.9398 | R 2.087980 | R 2.247501 |
| 4 | Retail Consumers < 100 kWh | R 1.8021 | R 1.9398 | R 2.087980 | R 2.247501 |
| 5 | Alternative - Households 20 Amp:- | | | | |
| 5 | (0-50kWh) | R 0.7200 | R 0.7700 | R 0.8234 | R 0.8805 |
| 5 | (51-350kWh) | R 0.9300 | R 1.0100 | R 1.0968 | R 1.1912 |
| 5 | (351-600kWh) | R 1.3401 | R 1.4400 | R 1.5475 | R 1.6629 |
| 5 | (>600kWh) | R 1.6000 | R 1.7300 | R 1.8704 | R 2.0223 |
| 6 | Street Lights | R 0.8235 | R 0.8864 | R 0.9541 | R 1.0270 |
| 7 | Prepaid - Indigent ready bord:- | | | | |
| 7 | (0-50kWh) | R 0.7200 | R 0.7700 | R 0.8234 | R 0.8805 |
| 7 | (51-350kWh) | R 0.9300 | R 1.0100 | R 1.0968 | R 1.1912 |
| 7 | (351-600kWh) | R 1.3401 | R 1.4400 | R 1.5475 | R 1.6629 |
| 7 | (>600kWh) | R 1.6000 | R 1.7300 | R 1.8704 | R 2.0223 |
| 8 | Commercial Pre paid | R 1.740000 | R 1.872936 | R 2.016028 | R 2.170053 |
| 9 | Sports Grounds | R 2.9449 | R 3.1699 | R 3.412100 | R 3.672785 |

| Electricity | | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|--------------------|---|------------------|------------------|------------------|------------------|
| 10 | Bulk time of use tariff | R 1 062.7400 | R 1 146.2714 | R 1 236.3683 | R 1 333.5468 |
| 10 | Tou Basic | | | | |
| 10 | Extention Levy Tou | R - | R - | R - | R - |
| 10 | Tou Low Consumption | | | | |
| 10 | Peak (kWh) | R 0.8559 | R 0.9232 | R 0.995765 | R 1.074033 |
| 10 | Standard (kWh) | R 0.5890 | R 0.6353 | R 0.685278 | R 0.739141 |
| 10 | Off peak (kWh) | R 0.3736 | R 0.4030 | R 0.434631 | R 0.468793 |
| 10 | Tou high Consumption | | | | |
| 10 | Peak (kWh) | R 2.6241 | R 2.8303 | R 3.052781 | R 3.292729 |
| 10 | Standard (kWh) | R 0.7949 | R 0.8574 | R 0.924771 | R 0.997459 |
| 10 | Off peak (kWh) | R 0.4316 | R 0.4655 | R 0.502083 | R 0.541546 |
| 10 | Maksimum aanvraag KVA | R 137.4045 | R 147.9022 | R 159.2019 | R 171.3650 |
| 11 | Net Metering: Households Non-Indigent | | | | |
| 11 | Household Consumer Basic | R 154.7208 | R 166.5415 | R 179.2652 | R 192.9611 |
| 11 | Import kWh (supplied by municipality) 1 < 600 kWh | R 1.1815 | R 1.2718 | R 1.3689 | R 1.4735 |
| 11 | Import kWh (supplied by municipality) 2 > 600 kWh | New Tariff | R 1.7900 | R 1.9268 | R 2.0740 |
| 11 | Export kWh (supplied to mun-max/month<import kWh) | R 0.6850 | R 0.6850 | R 0.6850 | R 0.6850 |
| 12 | Prepaid - Households:- Non Indigent | | | | |
| 12 | (0-350kWh) | R 1.4985 | R 1.6049 | R 1.7188 | R 1.8409 |
| 12 | > 350 kWh | R 1.6012 | R 1.7235 | R 1.8552 | R 1.9969 |

The proposed tariff increases are above the upper limit of the South African Reserve Bank's Inflation target of 6%. These increases are however required to compensate for the increase in bulk purchases as approved by NERSA.

All increases are in line with the guidance provided by NERSA.

1.4.5 Sanitation and Impact of Tariff Increases

It was estimated in the 2011 Census that only 77.3% of flush toilets were connected to a sewerage network. In order to contribute to this service delivery backlog, it is very important for the service to be operated a surplus.

The table below indicates that the service will be cost reflective during 2016/17 as well as the remainder of the MTREF.

| Standard Classification Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Sanitation | 34 804 | 40 003 | 41 215 | 49 269 | 49 269 | 50 734 | 63 996 | 61 554 |
| Expenditure - Sanitation | 24 835 | 31 964 | 38 107 | 42 187 | 42 465 | 45 432 | 46 397 | 47 387 |
| Net Surplus/(Deficit) | 9 969 | 8 038 | 3 108 | 7 081 | 6 803 | 5 302 | 17 599 | 14 168 |
| Net Surplus/(Deficit) % | 28.64% | 20.09% | 7.54% | 14.37% | 13.81% | 10.45% | 27.50% | 23.02% |

The following proposed tariffs were incorporated in the MTREF:

| Sanitation | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|--|-----------|-----------|-----------|-----------|
| Swartland 2 nd point | R 26.45 | R 29.10 | R 30.84 | R 32.69 |
| Swartland 1 st point | R 176.35 | R 193.99 | R 205.62 | R 217.96 |
| Sanitation Domestic pumpings 1 st 2 p.m. | R 176.35 | R 193.99 | R 205.62 | R 217.96 |
| Riebeek Wes Flow over 50% discount | R 88.18 | R 96.99 | R 102.81 | R 108.98 |

An increase of 10% is factored into the tariffs during 2016/17, while the proposed increase for the 2 outer years are 6%. A large portion of water consumption finds its way into the sewerage system of the municipality. This increase of 10%, which is above the upper limit of the South African Reserve Banks inflation target of 6%, is required to compensate for the shortfall currently experienced in the water service.

1.4.6 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a small surplus which indicates that the tariffs are cost reflective. The service remains cost reflective over the entire MTREF.

| Standard Classification Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|-------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Revenue - Refuse | 25 682 | 27 291 | 26 013 | 30 387 | 30 387 | 33 218 | 34 940 | 37 019 |
| Expenditure - Refuse | 21 810 | 22 667 | 24 801 | 28 959 | 29 054 | 29 522 | 31 409 | 33 600 |
| Net Surplus/(Deficit) | 3 872 | 4 624 | 1 211 | 1 428 | 1 333 | 3 696 | 3 531 | 3 419 |
| Net Surplus/(Deficit) % | 15.08% | 16.94% | 4.66% | 4.70% | 4.39% | 11.13% | 10.11% | 9.24% |

The following table compares current and proposed amounts payable from 1 July 2016:

| Refuse Removal | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Bonny Bird Farms | R 101.11 | R 107.18 | R 113.61 | R 120.42 |
| Bulk Containers | R 606.70 | R 643.10 | R 681.69 | R 722.59 |
| Commerce (Moorreesburg Only) | R 101.11 | R 107.18 | R 113.61 | R 120.42 |
| Peri Urban Areas | R 101.11 | R 107.18 | R 113.61 | R 120.42 |
| All Other | R 101.11 | R 107.18 | R 113.61 | R 120.42 |

The following increases are proposed over the MTREF:

| Refuse Removal | 2016/2017 | 2017/2018 | 2018/2019 |
|--------------------------------|-----------|-----------|-----------|
| Bonny Bird Farms | 6.00% | 6.00% | 6.00% |
| Bulk Containers | 6.00% | 6.00% | 6.00% |
| Commerce (Moorreesburg Only) | 6.00% | 6.00% | 6.00% |
| Peri Urban Areas | 6.00% | 6.00% | 6.00% |
| All Other | 6.00% | 6.00% | 6.00% |

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

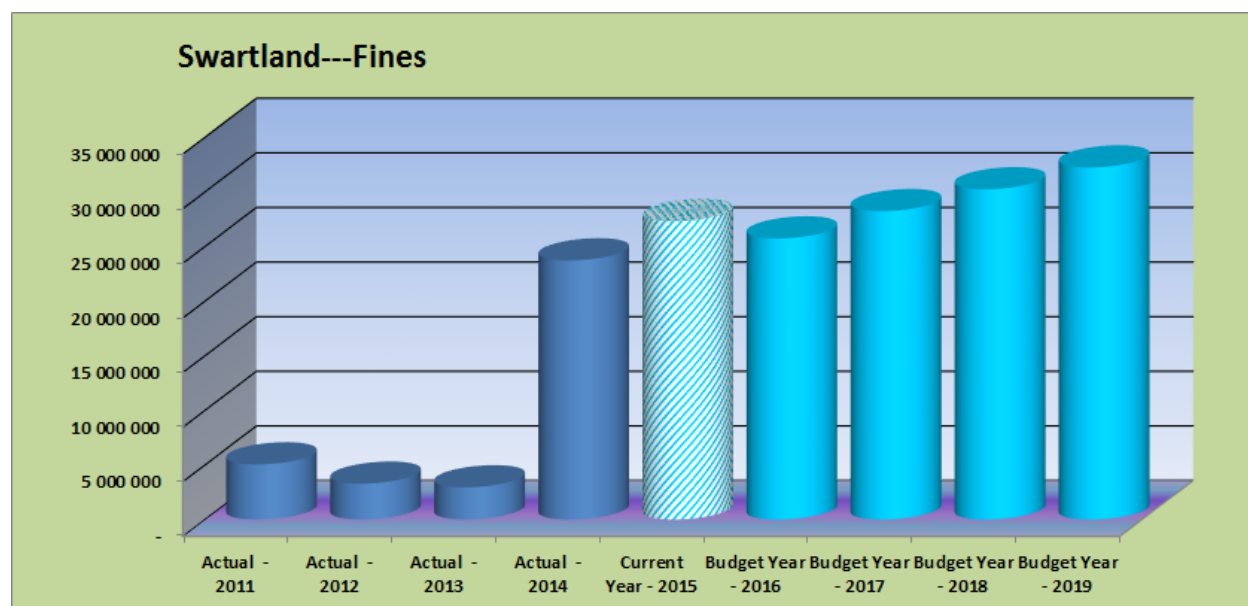
WC015 Swartland - Supporting Table SA14 Household bills

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year % incr. | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Rand/cent | | | | | | | | | | |
| Monthly Account for Household - 'Middle Income Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 366.86 | 334.37 | 347.73 | 368.61 | 368.61 | 368.61 | (13.8%) | 336.93 | 357.12 | 378.58 |
| Electricity : Basic levy | 118.33 | 126.38 | 135.72 | 154.72 | 154.72 | 154.72 | 7.6% | 166.54 | 179.26 | 192.95 |
| Electricity : Consumption | 1 067.50 | 1 139.69 | 1 222.99 | 1 372.24 | 1 372.24 | 1 372.24 | 7.6% | 1 462.00 | 1 575.83 | 1 698.55 |
| Water: Basic levy | — | — | — | — | — | — | — | — | — | — |
| Water: Consumption | 196.56 | 208.35 | 222.90 | 245.14 | 245.14 | 245.14 | 9.95% | 291.87 | 326.90 | 366.13 |
| Sanitation | 126.71 | 143.18 | 161.79 | 176.35 | 176.35 | 176.35 | 10.00% | 193.99 | 205.62 | 217.96 |
| Refuse removal | 82.74 | 88.32 | 93.62 | 101.11 | 101.11 | 101.11 | 6.0% | 107.18 | 113.61 | 120.42 |
| Other | — | — | — | — | — | — | — | — | — | — |
| sub-total | 1 958.70 | 2 040.30 | 2 184.75 | 2 418.17 | 2 418.17 | 2 418.17 | 5.8% | 2 558.50 | 2 758.34 | 2 974.60 |
| VAT on Services | 222.86 | 238.83 | 257.18 | 286.94 | 286.94 | 286.94 | | 311.02 | 336.17 | 363.44 |
| Total large household bill: | 2 181.56 | 2 279.13 | 2 441.93 | 2 705.11 | 2 705.11 | 2 705.11 | 6.1% | 2 869.52 | 3 094.51 | 3 338.04 |
| % increase/-decrease | | 4.5% | 7.1% | 10.8% | — | — | | 6.1% | 7.8% | 7.9% |
| Monthly Account for Household - 'Affordable Range' | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 262.04 | 238.83 | 248.38 | 263.29 | 263.29 | 263.29 | (13.8%) | 240.67 | 255.08 | 270.42 |
| Electricity : Basic levy | 118.33 | 126.38 | 135.72 | 154.72 | 154.72 | 154.72 | 7.6% | 166.54 | 179.26 | 192.95 |
| Electricity : Consumption | 429.00 | 471.75 | 505.01 | 566.64 | 566.64 | 566.64 | 7.6% | 594.01 | 640.64 | 690.95 |
| Water: Basic levy | — | — | — | — | — | — | — | — | — | — |
| Water: Consumption | 32.76 | 148.62 | 176.46 | 194.07 | 194.07 | 194.07 | 9.95% | 235.74 | 264.03 | 295.72 |
| Sanitation | 126.71 | 143.18 | 161.79 | 176.35 | 176.35 | 176.35 | 10.00% | 193.99 | 205.62 | 217.96 |
| Refuse removal | 82.74 | 88.32 | 93.62 | 101.11 | 101.11 | 101.11 | 6.0% | 107.18 | 113.61 | 120.42 |
| Other | — | — | — | — | — | — | — | — | — | — |
| sub-total | 1 051.58 | 1 217.09 | 1 320.98 | 1 456.18 | 1 456.18 | 1 456.18 | 5.6% | 1 538.12 | 1 658.25 | 1 788.42 |
| VAT on Services | 110.54 | 136.96 | 150.16 | 167.01 | 167.01 | 167.01 | | 181.64 | 196.44 | 212.52 |
| Total small household bill: | 1 162.12 | 1 354.05 | 1 471.15 | 1 623.19 | 1 623.19 | 1 623.19 | 5.9% | 1 719.76 | 1 854.69 | 2 000.94 |
| % increase/-decrease | | 16.5% | 8.6% | 10.3% | — | — | | 5.9% | 7.8% | 7.9% |
| Monthly Account for Household - 'Indigent' Household receiving free | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 132.50 | 157.23 | 176.65 | 190.78 | 190.78 | 190.78 | (13.8%) | 116.35 | 125.67 | 135.71 |
| Electricity : Basic levy | — | — | — | — | — | — | 7.6% | — | — | — |
| Electricity : Consumption | 216.00 | 238.00 | 269.52 | 302.41 | 302.41 | 302.41 | 7.6% | 139.65 | 150.62 | 162.46 |
| Water: Basic levy | — | — | — | — | — | — | — | — | — | — |
| Water: Consumption | 101.92 | 114.66 | 92.88 | 112.36 | 112.36 | 112.36 | 9.95% | 157.16 | 176.02 | 197.14 |
| Sanitation | 110.18 | 126.71 | 161.79 | 176.35 | 176.35 | 176.35 | 10.00% | 193.99 | 205.62 | 217.96 |
| Refuse removal | 77.51 | 82.74 | 93.62 | 101.11 | 101.11 | 101.11 | 6.0% | 107.18 | 113.61 | 120.42 |
| Other | — | — | — | — | — | — | — | — | — | — |
| sub-total | 638.11 | 719.34 | 794.46 | 883.00 | 883.00 | 883.00 | (19.1%) | 714.33 | 771.54 | 833.70 |
| VAT on Services | 70.79 | 78.70 | 150.16 | 167.01 | 167.01 | 167.01 | | 109.54 | 123.32 | 133.20 |
| Total small household bill: | 708.90 | 798.04 | 944.62 | 1 050.01 | 1 050.01 | 1 050.01 | (92.0%) | 83.72 | 90.42 | 97.72 |
| % increase/-decrease | | 12.6% | 18.4% | 11.2% | — | — | | (92.0%) | 8.0% | 8.1% |

1.4.7 Fines

Fines represent approximately 5 per cent of the revenue mix of the municipality.

The fines collection rate during 2013/14 amounted to 21.33 per cent. During 2014/15 this figure improved to 24.49 per cent. This improvement is considered very positive, but there are still room for further improvement in the recovery rate of fines in order to maximize to potential this revenue stream can have on the cash flow position of the municipality.



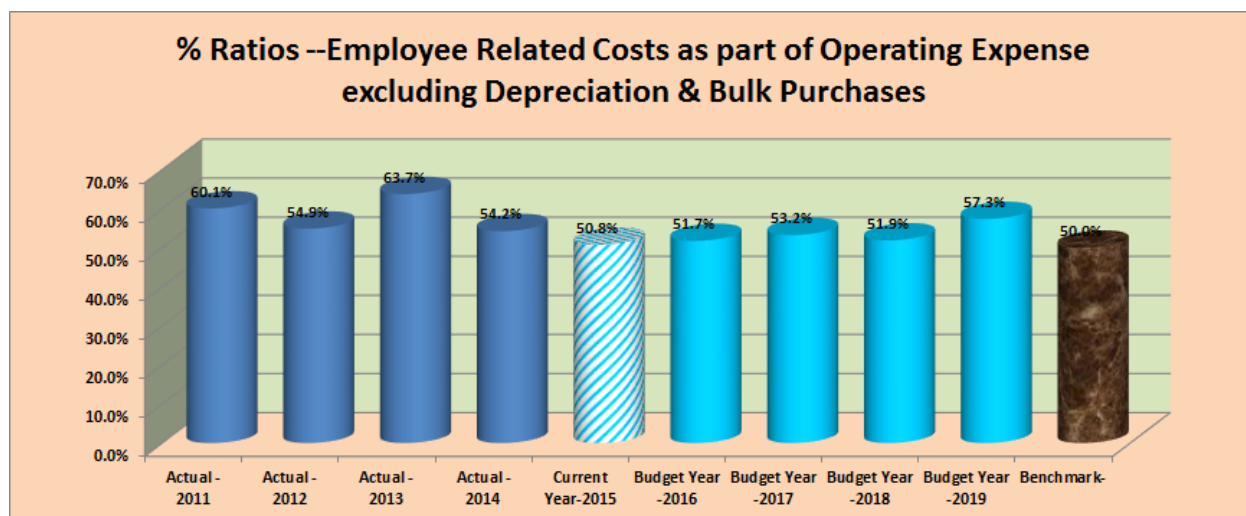
1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 125 820 | 129 031 | 135 231 | 156 706 | 159 372 | 175 658 | 183 962 | 198 062 |
| Remuneration of councillors | 6 703 | 7 703 | 8 174 | 9 530 | 9 530 | 9 165 | 9 671 | 9 813 |
| Debt impairment | 1 260 | 18 913 | 16 005 | 34 381 | 31 013 | 17 983 | 19 062 | 20 206 |
| Depreciation & asset impairment | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |
| Finance charges | 8 486 | 15 107 | 14 768 | 20 199 | 14 501 | 13 923 | 28 448 | 27 138 |
| Bulk purchases | 137 413 | 145 166 | 162 972 | 187 316 | 189 384 | 217 488 | 233 384 | 259 330 |
| Other materials | - | - | - | - | - | - | - | - |
| Contracted services | 3 096 | 3 352 | 3 554 | 3 660 | 3 660 | 4 239 | 4 467 | 4 762 |
| Transfers and grants | 1 293 | 1 975 | 1 999 | 2 137 | 2 137 | 2 137 | 2 137 | 2 206 |
| Other expenditure | 52 496 | 78 148 | 71 197 | 70 158 | 102 396 | 116 894 | 116 696 | 80 807 |
| Loss on disposal of PPE | 2 042 | 9 124 | 28 474 | 2 144 | 2 144 | 2 251 | 2 364 | 2 482 |
| Total Expenditure | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |

The budgeted allocation for employee related costs for the 2016/17 financial year totals R175.658 million, which equals 27.73 per cent of the total operating expenditure. This percentage is set to remain very constant over the MTREF. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is slightly above benchmark figure of 50% throughout the MTREF. The room for any upwards adjustments in employee related costs over and above the current levels are very limited and should be carefully considered before implementing any further salary increases or employing further officials.

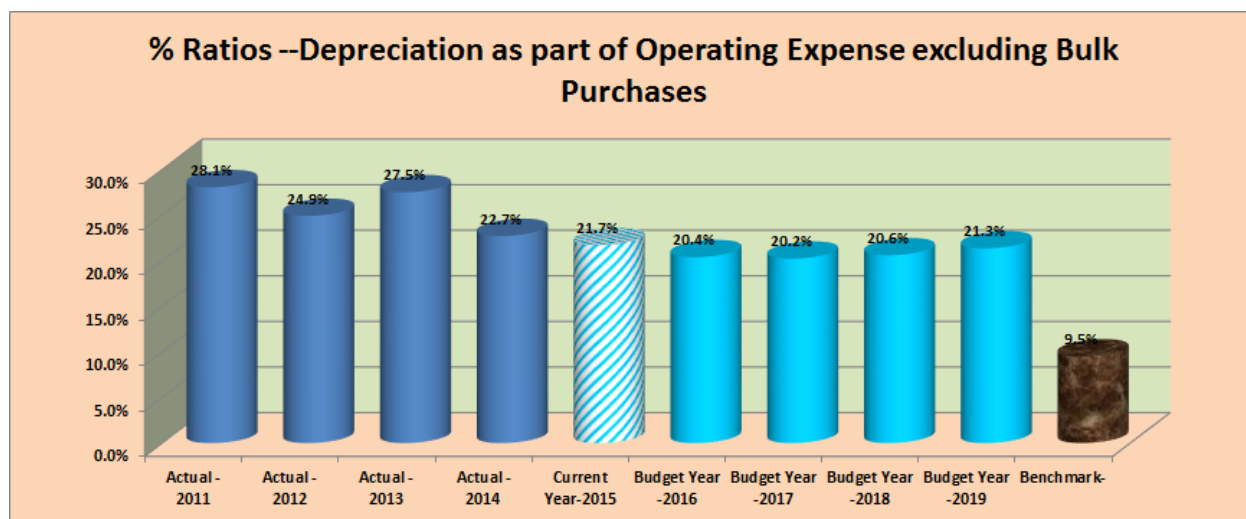
The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on historical actual collection rates of receivables.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high:



Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). The municipality is planning on taking up an additional loan on 1 July 2017 amounting to R 83 227 195. The interest payable at 12.54% over the term of the loan is factored into the applicable periods of the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services currently consist of the following and are linked to the delivery of primary services:

- Printing of Accounts
- Cleaning Services
- Cleaning Public Open Spaces
- Highlands Refuse Dump: Recycling
- Refuse Removal: Wasteman
- Sweeping of Streets

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure).

1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2016/17 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2016/17 Capital Budget should be allocated to the renewal of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| EXPENDITURE OTHER ITEMS | | | | | | | | |
| Repairs and Maintenance by Asset Class | 15 696 | 17 030 | 19 651 | 20 559 | 34 488 | 46 868 | 52 669 | 24 963 |
| Infrastructure - Road transport | 3 387 | 3 406 | 4 591 | 3 561 | 17 410 | 23 551 | 32 861 | 3 950 |
| Infrastructure - Electricity | 1 079 | 934 | 1 108 | 1 011 | 1 011 | 1 224 | 1 284 | 1 346 |
| Infrastructure - Water | 827 | 924 | 792 | 957 | 957 | 1 179 | 1 132 | 1 186 |
| Infrastructure - Sanitation | 1 587 | 1 494 | 1 638 | 1 617 | 1 598 | 1 983 | 1 972 | 2 066 |
| Infrastructure - Other | 3 453 | 3 872 | 3 516 | 4 481 | 4 481 | 4 705 | 4 940 | 5 187 |
| Infrastructure | 10 334 | 10 631 | 11 644 | 11 626 | 25 456 | 32 642 | 42 188 | 13 736 |
| Community | 656 | 642 | 1 438 | 653 | 653 | 1 960 | 791 | 826 |
| Heritage assets | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - |
| Other assets | 4 706 | 5 757 | 6 569 | 8 279 | 8 379 | 12 267 | 9 690 | 10 402 |
| TOTAL EXPENDITURE OTHER ITEMS | 90 614 | 86 968 | 93 475 | 99 434 | 113 364 | 130 546 | 144 649 | 118 688 |
| Renewal of Existing Assets as % of total capex | 87.3% | 65.6% | 65.0% | 42.2% | 37.7% | 51.5% | 54.4% | 72.5% |
| Renewal of Existing Assets as % of deprecn" | 101.2% | 80.2% | 84.6% | 49.7% | 40.0% | 46.2% | 54.5% | 114.8% |
| R&M as a % of PPE | 0.9% | 1.0% | 1.1% | 1.1% | 2.0% | 2.7% | 3.0% | 1.4% |
| Renewal and R&M as a % of PPE | 5.0% | 4.0% | 5.0% | 3.0% | 4.0% | 5.0% | 6.0% | 7.0% |

It should however be noted that the municipality is currently not allocating items such as employee related cost utilised in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the introduction of mSCOA will correct this deficiency.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Income foregone totals R60.474 million in 2015/16. This figure is expected to decrease in 2016/17 to R 55.653 million before it will increase to R60.810 million and R 66.567 million in the outer years of the MTREF. The decrease from 2015/16 to 2016/17 can mainly be attributed to decrease in the water package from 9kl per indigent household in 2015/16 to 8kl in 2016/17.

Subsidies for indigent households are set out below:

| | |
|---|---|
| 1 | Rates free of charge to the value based on market value of his property to the maximum of R95 000 |
| 2 | 50 kWh free electricity per month |
| 3 | 8 kiloliters of water free per month (2015/16 – 9 kl) |
| 4 | Free refuse x 4 removals per month |
| 5 | Free sewerage per month |

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by funding source:

| Description | Final Budget | | 2016/17 Medium Term Revenue & Expenditure Framework | | | | | |
|----------------------------------|---------------------------------|-----------------------------|---|-----------------------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| | Budget Year 2015/16 R'000 | Budget Year 2015/16 % | Budget Year 2016/17 R'000 | Budget Year 2016/17 % | Budget Year +1 2017/18 R'000 | Budget Year +1 2017/18 % | Budget Year +2 2018/19 R'000 | Budget Year +2 2018/19 % |
| Total Capital Expenditure | 83 701 | 100% | 74 945 | 100% | 92 115 | 100% | 148 450 | 100% |
| Funded by: | | | | | | | | |
| Transfers recognised - capital | 51 958 | 62% | 34 304 | 46% | 36 072 | 39% | 36 559 | 25% |
| Public contributions & donations | 1 500 | 2% | 666 | 1% | – | 0% | – | 0% |
| Borrowing | – | 0% | – | 0% | 15 000 | 16% | 68 227 | 46% |
| Internally generated funds | 30 243 | 36% | 39 975 | 53% | 41 043 | 45% | 43 664 | 29% |
| Total Capital Funding | 83 701 | 100% | 74 945 | 100% | 92 115 | 100% | 148 450 | 100% |

Based on appropriations per vote, the allocations are as follows:

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--------------------|--------------------|--------------------|----------------------|--------------------|---|---------------------------|---------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital expenditure - Vote | | | | | | | | |
| Multi-year expenditure to be appropriated | | | | | | | | |
| Vote 1 - Corporate Services | – | – | – | 2 000 | 2 000 | 3 000 | – | – |
| Vote 2 - Civil Services | 29 378 | 34 137 | 40 799 | 7 360 | 5 560 | 6 250 | 39 815 | 100 843 |
| Vote 5 - Financial Services | – | 471 | – | 600 | – | – | – | – |
| Vote 8 - Protection Services | – | – | – | – | – | 225 | 900 | 400 |
| Capital multi-year expenditure sub-total | 29 378 | 34 608 | 40 799 | 9 960 | 7 560 | 9 475 | 40 715 | 101 243 |
| Single-year expenditure to be appropriated | | | | | | | | |
| Vote 1 - Corporate Services | 231 | 403 | 1 022 | 8 970 | 1 720 | 1 075 | 247 | 450 |
| Vote 2 - Civil Services | 32 434 | 18 969 | 20 223 | 39 744 | 29 643 | 50 779 | 27 598 | 23 032 |
| Vote 3 - Council | 1 | 1 075 | 728 | 805 | 805 | 805 | 806 | 806 |
| Vote 4 - Electricity Services | 17 411 | 12 580 | 18 040 | 7 542 | 6 701 | 8 456 | 9 230 | 19 352 |
| Vote 5 - Financial Services | 979 | 418 | 717 | 315 | 1 130 | 15 | 536 | 1 187 |
| Vote 6 - Development Services | 5 574 | 17 060 | 13 842 | 25 230 | 35 214 | 4 044 | 10 762 | 1 064 |
| Vote 7 - Municipal Manager | 20 | 1 | 20 | 5 | 5 | 5 | 6 | 6 |
| Vote 8 - Protection Services | 799 | 337 | 743 | 314 | 924 | 291 | 2 216 | 1 313 |
| Capital single-year expenditure sub-total | 57 450 | 50 845 | 55 335 | 82 925 | 76 141 | 65 470 | 51 400 | 47 208 |
| Total Capital Expenditure - Vote | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

The following table provides more information on the breakdown of the capital budget.

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | |
| <u>Total New Assets</u> | 11 037 | 29 356 | 33 687 | 53 691 | 52 126 | 36 326 | 41 985 | 40 875 |
| Infrastructure - Road transport | 2 350 | 9 138 | 6 146 | 17 649 | 17 000 | – | – | – |
| Infrastructure - Electricity | – | 5 000 | 14 102 | 4 700 | 2 600 | 2 100 | – | 10 000 |
| Infrastructure - Water | 1 129 | 3 659 | 3 850 | 5 280 | 10 587 | 6 153 | 4 265 | 13 180 |
| Infrastructure - Sanitation | 1 338 | 2 359 | 2 603 | 3 550 | 9 689 | 250 | 10 250 | 4 870 |
| Infrastructure - Other | – | – | – | – | – | – | – | – |
| Infrastructure | 4 817 | 20 156 | 26 700 | 31 179 | 39 876 | 8 503 | 14 515 | 28 050 |
| Community | 383 | – | 198 | 11 823 | 4 376 | 21 333 | 23 337 | 8 909 |
| Investment properties | 1 195 | – | – | – | – | – | – | – |
| Other assets | 4 642 | 9 201 | 6 789 | 10 690 | 7 875 | 6 490 | 4 133 | 3 916 |
| <u>Total Renewal of Existing Assets</u> | 75 791 | 56 097 | 62 447 | 39 194 | 31 575 | 38 619 | 50 130 | 107 575 |
| Infrastructure - Road transport | 11 305 | 8 325 | 9 869 | 24 910 | 18 297 | 17 100 | 11 840 | 10 925 |
| Infrastructure - Electricity | 15 253 | 5 186 | 4 333 | 6 200 | 6 200 | 7 000 | 7 800 | 7 000 |
| Infrastructure - Water | 8 845 | 2 613 | – | 2 832 | – | 2 519 | 15 000 | 68 293 |
| Infrastructure - Sanitation | 30 561 | 34 137 | 40 799 | 3 660 | 5 560 | 5 500 | 10 065 | 15 300 |
| Infrastructure - Other | 200 | – | – | – | – | – | – | – |
| Infrastructure | 66 164 | 50 260 | 55 002 | 37 602 | 30 057 | 32 119 | 44 705 | 101 518 |
| Community | 1 618 | 989 | 787 | – | – | – | – | – |
| Other assets | 8 009 | 4 848 | 6 658 | 1 592 | 1 518 | 6 500 | 5 425 | 6 058 |
| <u>Total Capital Expenditure</u> | | | | | | | | |
| Infrastructure - Road transport | 13 655 | 17 463 | 16 015 | 42 559 | 35 297 | 17 100 | 11 840 | 10 925 |
| Infrastructure - Electricity | 15 253 | 10 185 | 18 435 | 10 900 | 8 800 | 9 100 | 7 800 | 17 000 |
| Infrastructure - Water | 9 973 | 6 272 | 3 850 | 8 112 | 10 587 | 8 672 | 19 265 | 81 473 |
| Infrastructure - Sanitation | 31 900 | 36 496 | 43 402 | 7 210 | 15 249 | 5 750 | 20 315 | 20 170 |
| Infrastructure - Other | 200 | – | – | – | – | – | – | – |
| Infrastructure | 70 981 | 70 416 | 81 702 | 68 781 | 69 933 | 40 622 | 59 220 | 129 568 |
| Community | 2 001 | 989 | 986 | 11 823 | 4 376 | 21 333 | 23 337 | 8 909 |
| Investment properties | 1 195 | – | – | – | – | – | – | – |
| Other assets | 12 651 | 14 048 | 13 447 | 12 282 | 9 393 | 12 990 | 9 558 | 9 974 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

MBRR Table A1 - Budget Summary

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | |
| Financial Performance | | | | | | | | |
| Property rates | 67 274 | 70 548 | 73 332 | 78 939 | 78 939 | 86 917 | 93 627 | 101 341 |
| Service charges | 237 430 | 250 699 | 271 667 | 293 191 | 293 191 | 335 739 | 373 257 | 406 484 |
| Investment revenue | 9 917 | 12 934 | 16 371 | 8 300 | 17 800 | 17 300 | 17 300 | 17 300 |
| Transfers recognised - operational | 40 483 | 66 152 | 64 628 | 62 706 | 87 983 | 103 126 | 113 514 | 86 829 |
| Other own revenue | 31 635 | 55 772 | 68 273 | 53 601 | 53 601 | 56 785 | 59 572 | 62 378 |
| Total Revenue (excluding capital transfers and | 386 739 | 456 105 | 494 271 | 496 737 | 531 514 | 599 866 | 657 270 | 674 333 |
| Employee costs | 125 820 | 129 031 | 135 231 | 156 706 | 159 372 | 175 658 | 183 962 | 198 062 |
| Remuneration of councillors | 6 703 | 7 703 | 8 174 | 9 530 | 9 530 | 9 165 | 9 671 | 9 813 |
| Depreciation & asset impairment | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |
| Finance charges | 8 486 | 15 107 | 14 768 | 20 199 | 14 501 | 13 923 | 28 448 | 27 138 |
| Materials and bulk purchases | 137 413 | 145 166 | 162 972 | 187 316 | 189 384 | 217 488 | 233 384 | 259 330 |
| Transfers and grants | 1 293 | 1 975 | 1 999 | 2 137 | 2 137 | 2 137 | 2 137 | 2 206 |
| Other expenditure | 58 894 | 109 538 | 119 230 | 110 343 | 139 213 | 141 367 | 142 589 | 108 257 |
| Total Expenditure | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) | (26 788) | (22 354) | (21 926) | (68 371) | (61 499) | (43 550) | (34 902) | (24 199) |
| Transfers recognised - capital | 24 471 | 41 256 | 39 565 | 51 984 | 51 958 | 34 304 | 36 072 | 36 559 |
| Contributions recognised - capital & contributed assets | 150 | 2 000 | 1 512 | 1 500 | 1 500 | 666 | - | - |
| Surplus/(Deficit) after capital transfers & | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |
| Capital expenditure & funds sources | | | | | | | | |
| Capital expenditure | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |
| Transfers recognised - capital | 24 471 | 41 256 | 39 565 | 51 984 | 51 958 | 34 304 | 36 072 | 36 559 |
| Public contributions & donations | 715 | 2 939 | 1 500 | 1 500 | 1 500 | 666 | - | - |
| Borrowing | 16 002 | - | - | 8 500 | - | - | 15 000 | 68 227 |
| Internally generated funds | 45 640 | 41 259 | 55 069 | 30 901 | 30 243 | 39 975 | 41 043 | 43 664 |
| Total sources of capital funds | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |
| Financial position | | | | | | | | |
| Total current assets | 265 626 | 289 093 | 330 236 | 246 002 | 326 567 | 347 817 | 469 129 | 472 431 |
| Total non current assets | 1 782 105 | 1 791 739 | 1 794 137 | 1 832 356 | 1 796 797 | 1 785 792 | 1 783 541 | 1 835 763 |
| Total current liabilities | 64 875 | 74 698 | 97 376 | 99 740 | 104 171 | 122 604 | 161 005 | 209 908 |
| Total non current liabilities | 186 300 | 188 674 | 190 387 | 192 331 | 190 623 | 191 015 | 270 507 | 264 766 |
| Community wealth/Equity | 1 796 557 | 1 817 459 | 1 836 610 | 1 786 288 | 1 828 570 | 1 819 990 | 1 821 159 | 1 833 519 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousands | | | | | | | | |
| Cash flows | | | | | | | | |
| Net cash from (used) operating | 82 922 | 102 937 | 121 386 | 82 316 | 74 622 | 88 363 | 119 699 | 141 744 |
| Net cash from (used) investing | (85 218) | (84 744) | (96 760) | (91 162) | (83 480) | (74 724) | (91 893) | (148 229) |
| Net cash from (used) financing | (6 785) | (5 326) | (2 075) | 3 343 | (4 150) | (4 462) | 75 805 | (9 486) |
| Cash/cash equivalents at the year end | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Cash backing/surplus reconciliation | | | | | | | | |
| Cash and investments available | 210 129 | 222 995 | 245 545 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Application of cash and investments | 90 043 | 87 593 | 105 327 | 113 453 | 105 125 | 109 526 | 196 277 | 157 938 |
| Balance - surplus (shortfall) | 120 087 | 135 402 | 140 218 | 69 166 | 127 412 | 132 188 | 149 047 | 171 415 |
| Asset management | | | | | | | | |
| Asset register summary (WDV) | 1 781 708 | 1 791 506 | 1 793 925 | 1 832 171 | 1 796 607 | 1 785 623 | 1 783 393 | 1 835 636 |
| Depreciation & asset impairment | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |
| Renewal of Existing Assets | 75 791 | 56 097 | 62 447 | 39 194 | 31 575 | 38 619 | 50 130 | 107 575 |
| Repairs and Maintenance | 15 696 | 17 030 | 19 651 | 20 559 | 34 488 | 46 868 | 52 669 | 24 963 |
| Free services | | | | | | | | |
| Cost of Free Basic Services provided | 19 | 21 | 22 | 22 | 22 | 32 | 34 | 36 |
| Revenue cost of free services provided | 28 224 | 30 634 | 43 858 | 62 256 | 62 256 | 65 683 | 61 485 | 66 934 |
| Households below minimum service level | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – |
| Sanitation/sewerage: | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Energy: | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Refuse: | 114 | 114 | 114 | 114 | 114 | 114 | 114 | 114 |

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The accumulated surplus is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | |
| Governance and administration | 128 610 | 177 288 | 179 711 | 109 904 | 119 653 | 134 910 | 148 118 | 160 227 |
| Executive and council | 34 831 | 73 628 | 56 741 | 555 | 555 | 125 | 125 | 125 |
| Budget and treasury office | 92 485 | 97 827 | 115 277 | 107 784 | 117 533 | 130 803 | 144 043 | 156 103 |
| Corporate services | 1 294 | 5 833 | 7 693 | 1 565 | 1 565 | 3 982 | 3 950 | 3 999 |
| Community and public safety | 11 732 | 33 169 | 38 284 | 62 453 | 85 268 | 78 480 | 73 752 | 52 513 |
| Community and social services | 5 611 | 6 047 | 7 009 | 14 060 | 9 610 | 11 640 | 16 700 | 8 559 |
| Sport and recreation | 2 873 | 2 804 | 3 105 | 8 032 | 4 845 | 17 716 | 13 669 | 11 071 |
| Public safety | 3 007 | 24 093 | 27 864 | 26 129 | 26 129 | 28 896 | 31 155 | 32 655 |
| Housing | 241 | 226 | 307 | 14 233 | 44 685 | 20 228 | 12 228 | 228 |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 8 495 | 9 017 | 11 704 | 34 141 | 36 328 | 30 281 | 34 084 | 9 511 |
| Planning and development | 2 157 | 1 937 | 3 485 | 1 929 | 1 929 | 2 469 | 2 528 | 2 633 |
| Road transport | 6 338 | 7 079 | 8 219 | 32 212 | 34 399 | 27 813 | 31 556 | 6 879 |
| Environmental protection | - | - | - | - | - | - | - | - |
| Trading services | 262 505 | 279 867 | 305 627 | 343 700 | 343 700 | 391 142 | 437 363 | 488 416 |
| Electricity | 166 855 | 176 095 | 194 129 | 211 931 | 211 855 | 247 414 | 267 957 | 302 535 |
| Water | 35 164 | 36 478 | 44 271 | 52 114 | 52 190 | 59 776 | 70 469 | 87 306 |
| Waste water management | 34 804 | 40 003 | 41 215 | 49 269 | 49 269 | 50 734 | 63 996 | 61 554 |
| Waste management | 25 682 | 27 291 | 26 013 | 30 387 | 30 387 | 33 218 | 34 940 | 37 019 |
| Other | 18 | 20 | 21 | 22 | 22 | 23 | 25 | 225 |
| Total Revenue - Standard | 411 360 | 499 361 | 535 348 | 550 221 | 584 972 | 634 836 | 693 342 | 710 892 |

| Standard Classification Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Expenditure - Standard | | | | | | | | |
| <i>Governance and administration</i> | 71 418 | 104 494 | 109 208 | 96 509 | 97 220 | 95 388 | 94 643 | 100 910 |
| Executive and council | 17 004 | 41 184 | 28 571 | 20 048 | 20 118 | 21 045 | 21 192 | 21 993 |
| Budget and treasury office | 27 871 | 35 220 | 52 870 | 44 977 | 46 014 | 38 901 | 40 700 | 44 674 |
| Corporate services | 26 543 | 28 090 | 27 766 | 31 485 | 31 088 | 35 442 | 32 750 | 34 242 |
| <i>Community and public safety</i> | 48 605 | 62 353 | 62 258 | 71 831 | 85 559 | 101 241 | 96 017 | 90 267 |
| Community and social services | 12 426 | 12 058 | 13 126 | 15 939 | 16 203 | 17 762 | 18 586 | 19 843 |
| Sport and recreation | 15 516 | 14 385 | 15 540 | 16 558 | 16 931 | 21 291 | 21 107 | 22 868 |
| Public safety | 19 302 | 34 414 | 31 776 | 37 968 | 35 075 | 40 023 | 42 143 | 45 273 |
| Housing | 1 361 | 1 497 | 1 815 | 1 365 | 17 350 | 22 165 | 14 181 | 2 283 |
| Health | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | 57 398 | 58 802 | 62 658 | 68 524 | 83 791 | 89 008 | 100 595 | 74 277 |
| Planning and development | 8 441 | 8 665 | 10 679 | 11 889 | 12 843 | 12 620 | 12 759 | 13 559 |
| Road transport | 48 957 | 50 137 | 51 979 | 56 635 | 70 948 | 76 388 | 87 836 | 60 718 |
| Environmental protection | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | 235 016 | 251 817 | 280 994 | 327 093 | 325 238 | 356 476 | 399 589 | 431 626 |
| Electricity | 146 557 | 154 305 | 168 816 | 198 062 | 198 482 | 221 952 | 243 254 | 267 155 |
| Water | 41 814 | 42 881 | 49 270 | 57 885 | 55 236 | 59 569 | 78 529 | 83 483 |
| Waste water management | 24 835 | 31 964 | 38 107 | 42 187 | 42 465 | 45 432 | 46 397 | 47 387 |
| Waste management | 21 810 | 22 667 | 24 801 | 28 959 | 29 054 | 29 522 | 31 409 | 33 600 |
| <i>Other</i> | 1 090 | 993 | 1 078 | 1 151 | 1 205 | 1 303 | 1 328 | 1 452 |
| Total Expenditure - Standard | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) for the year | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | | | | | | | | |
| Vote 1 - Corporate Services | 5 609 | 6 084 | 6 648 | 9 929 | 9 929 | 10 390 | 7 802 | 8 454 |
| Vote 2 - Civil Services | 97 971 | 110 921 | 121 402 | 164 635 | 163 711 | 184 475 | 209 469 | 198 417 |
| Vote 3 - Council | 34 831 | 73 628 | 56 741 | 125 | 125 | 125 | 125 | 125 |
| Vote 4 - Electricity Services | 166 856 | 176 095 | 194 134 | 211 931 | 211 855 | 247 414 | 267 957 | 302 535 |
| Vote 5 - Financial Services | 92 485 | 97 827 | 115 277 | 107 784 | 117 533 | 130 803 | 144 043 | 156 103 |
| Vote 6 - Development Services | 4 645 | 4 423 | 6 490 | 23 168 | 49 171 | 26 302 | 26 196 | 5 835 |
| Vote 7 - Municipal Manager | – | – | – | 430 | 430 | – | – | – |
| Vote 8 - Protection Services | 8 963 | 30 382 | 34 656 | 32 218 | 32 218 | 35 328 | 37 749 | 39 422 |
| Total Revenue by Vote | 411 360 | 499 361 | 535 348 | 550 221 | 584 972 | 634 836 | 693 342 | 710 892 |
| Expenditure by Vote to be appropriated | | | | | | | | |
| Vote 1 - Corporate Services | 17 349 | 18 080 | 19 895 | 23 138 | 23 440 | 23 917 | 24 927 | 26 876 |
| Vote 2 - Civil Services | 160 223 | 169 944 | 185 678 | 208 428 | 219 927 | 240 603 | 269 700 | 252 206 |
| Vote 3 - Council | 13 490 | 37 275 | 24 441 | 14 645 | 14 675 | 14 483 | 15 276 | 15 646 |
| Vote 4 - Electricity Services | 151 927 | 160 262 | 175 719 | 206 577 | 207 280 | 231 871 | 253 188 | 277 877 |
| Vote 5 - Financial Services | 27 871 | 35 220 | 52 870 | 44 977 | 46 014 | 38 901 | 40 700 | 44 674 |
| Vote 6 - Development Services | 13 088 | 12 897 | 15 457 | 17 111 | 34 261 | 39 452 | 32 099 | 21 236 |
| Vote 7 - Municipal Manager | 3 514 | 3 908 | 4 130 | 5 403 | 5 443 | 6 562 | 5 916 | 6 348 |
| Vote 8 - Protection Services | 26 064 | 40 872 | 38 006 | 44 830 | 41 973 | 47 628 | 50 366 | 53 668 |
| Total Expenditure by Vote | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) for the year | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Property rates | 67 274 | 70 548 | 73 332 | 78 939 | 78 939 | 86 917 | 93 627 | 101 341 |
| Service charges - electricity revenue | 165 057 | 173 572 | 191 017 | 208 823 | 208 747 | 240 868 | 263 141 | 287 315 |
| Service charges - water revenue | 30 945 | 32 269 | 38 515 | 41 620 | 41 696 | 46 904 | 59 926 | 67 300 |
| Service charges - sanitation revenue | 22 978 | 25 368 | 24 090 | 25 137 | 25 137 | 27 562 | 28 997 | 29 884 |
| Service charges - refuse revenue | 18 450 | 19 490 | 18 046 | 17 610 | 17 610 | 20 405 | 21 193 | 21 984 |
| Rental of facilities and equipment | 2 885 | 3 235 | 3 430 | 3 349 | 3 349 | 3 586 | 3 759 | 3 940 |
| Interest earned - external investments | 9 917 | 12 934 | 16 371 | 8 300 | 17 800 | 17 300 | 17 300 | 17 300 |
| Interest earned - outstanding debtors | 1 441 | 1 586 | 1 693 | 1 376 | 1 376 | 1 483 | 1 495 | 1 509 |
| Fines | 2 948 | 23 725 | 27 316 | 25 735 | 25 735 | 28 236 | 30 236 | 32 237 |
| Licences and permits | 3 225 | 3 488 | 3 673 | 3 273 | 3 273 | 3 475 | 3 491 | 3 509 |
| Agency services | 2 496 | 2 725 | 3 105 | 2 799 | 2 799 | 2 939 | 3 086 | 3 240 |
| Transfers recognised - operational | 40 483 | 66 152 | 64 628 | 62 706 | 87 983 | 103 126 | 113 514 | 86 829 |
| Other revenue | 17 090 | 20 473 | 27 884 | 16 868 | 16 868 | 16 866 | 17 303 | 17 743 |
| Gains on disposal of PPE | 1 550 | 540 | 1 172 | 200 | 200 | 200 | 200 | 200 |
| Total Revenue (excluding capital transfers and contributions) | 386 739 | 456 105 | 494 271 | 496 737 | 531 514 | 599 866 | 657 270 | 674 333 |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 125 820 | 129 031 | 135 231 | 156 706 | 159 372 | 175 658 | 183 962 | 198 062 |
| Remuneration of councillors | 6 703 | 7 703 | 8 174 | 9 530 | 9 530 | 9 165 | 9 671 | 9 813 |
| Debt impairment | 1 260 | 18 913 | 16 005 | 34 381 | 31 013 | 17 983 | 19 062 | 20 206 |
| Depreciation & asset impairment | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |
| Finance charges | 8 486 | 15 107 | 14 768 | 20 199 | 14 501 | 13 923 | 28 448 | 27 138 |
| Bulk purchases | 137 413 | 145 166 | 162 972 | 187 316 | 189 384 | 217 488 | 233 384 | 259 330 |
| Contracted services | 3 096 | 3 352 | 3 554 | 3 660 | 3 660 | 4 239 | 4 467 | 4 762 |
| Transfers and grants | 1 293 | 1 975 | 1 999 | 2 137 | 2 137 | 2 137 | 2 137 | 2 206 |
| Other expenditure | 52 496 | 78 148 | 71 197 | 70 158 | 102 396 | 116 894 | 116 696 | 80 807 |
| Loss on disposal of PPE | 2 042 | 9 124 | 28 474 | 2 144 | 2 144 | 2 251 | 2 364 | 2 482 |
| Total Expenditure | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) | (26 788) | (22 354) | (21 926) | (68 371) | (61 499) | (43 550) | (34 902) | (24 199) |
| Transfers recognised - capital | 24 471 | 41 256 | 39 565 | 51 984 | 51 958 | 34 304 | 36 072 | 36 559 |
| Contributions recognised - capital | 150 | 2 000 | 1 512 | 1 500 | 1 500 | 666 | – | – |
| Surplus/(Deficit) for the year | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Capital expenditure - Vote</u> | | | | | | | | |
| <u>Multi-year expenditure to be appropriated</u> | | | | | | | | |
| Vote 1 - Corporate Services | – | – | – | 2 000 | 2 000 | 3 000 | – | – |
| Vote 2 - Civil Services | 29 378 | 34 137 | 40 799 | 7 360 | 5 560 | 6 250 | 39 815 | 100 843 |
| Vote 5 - Financial Services | – | 471 | – | 600 | – | – | – | – |
| Vote 8 - Protection Services | – | – | – | – | – | 225 | 900 | 400 |
| Capital multi-year expenditure sub-total | 29 378 | 34 608 | 40 799 | 9 960 | 7 560 | 9 475 | 40 715 | 101 243 |
| <u>Single-year expenditure to be appropriated</u> | | | | | | | | |
| Vote 1 - Corporate Services | 231 | 403 | 1 022 | 8 970 | 1 720 | 1 075 | 247 | 450 |
| Vote 2 - Civil Services | 32 434 | 18 969 | 20 223 | 39 744 | 29 643 | 50 779 | 27 598 | 23 032 |
| Vote 3 - Council | 1 | 1 075 | 728 | 805 | 805 | 805 | 806 | 806 |
| Vote 4 - Electricity Services | 17 411 | 12 580 | 18 040 | 7 542 | 6 701 | 8 456 | 9 230 | 19 352 |
| Vote 5 - Financial Services | 979 | 418 | 717 | 315 | 1 130 | 15 | 536 | 1 187 |
| Vote 6 - Development Services | 5 574 | 17 060 | 13 842 | 25 230 | 35 214 | 4 044 | 10 762 | 1 064 |
| Vote 7 - Municipal Manager | 20 | 1 | 20 | 5 | 5 | 5 | 6 | 6 |
| Vote 8 - Protection Services | 799 | 337 | 743 | 314 | 924 | 291 | 2 216 | 1 313 |
| Capital single-year expenditure sub-total | 57 450 | 50 845 | 55 335 | 82 925 | 76 141 | 65 470 | 51 400 | 47 208 |
| Total Capital Expenditure - Vote | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

| Vote Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Capital Expenditure - Standard | | | | | | | | |
| <i>Governance and administration</i> | 2 878 | 2 502 | 2 625 | 12 665 | 5 630 | 4 890 | 3 283 | 2 438 |
| Executive and council | 1 756 | 1 077 | 748 | 810 | 810 | 810 | 811 | 812 |
| Budget and treasury office | 1 122 | 888 | 717 | 915 | 1 130 | 15 | 536 | 1 187 |
| Corporate services | – | 537 | 1 161 | 10 940 | 3 690 | 4 065 | 1 936 | 440 |
| Community and public safety | 10 870 | 18 557 | 16 277 | 30 441 | 38 138 | 22 392 | 25 298 | 11 237 |
| Community and social services | 1 101 | 170 | 136 | 4 710 | 658 | 1 554 | 11 074 | 1 097 |
| Sport and recreation | 2 230 | 1 113 | 1 667 | 4 867 | 1 480 | 17 302 | 11 108 | 8 428 |
| Public safety | 888 | 337 | 743 | 314 | 924 | 516 | 3 116 | 1 713 |
| Housing | 6 652 | 16 938 | 13 731 | 20 550 | 35 075 | 3 020 | – | – |
| Economic and environmental services | 16 174 | 9 057 | 11 489 | 32 444 | 21 377 | 18 905 | 14 128 | 11 023 |
| Planning and development | – | 106 | 101 | 60 | 60 | 40 | 42 | 44 |
| Road transport | 16 174 | 8 951 | 11 387 | 32 384 | 21 317 | 18 865 | 14 086 | 10 979 |
| Trading services | 56 905 | 55 336 | 65 744 | 17 335 | 18 556 | 28 758 | 49 406 | 123 752 |
| Electricity | 16 631 | 12 580 | 18 040 | 7 542 | 6 701 | 8 456 | 9 230 | 19 352 |
| Water | 5 914 | 2 984 | 3 365 | 6 048 | 6 210 | 9 925 | 19 304 | 81 514 |
| Waste water management | – | 34 869 | 42 316 | 3 730 | 5 630 | 8 834 | 20 356 | 20 388 |
| Waste management | 34 360 | 4 903 | 2 024 | 15 | 15 | 1 543 | 516 | 2 498 |
| Total Capital Expenditure - Standard | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |
| Funded by: | | | | | | | | |
| National Government | 17 545 | 25 222 | 29 918 | 20 709 | 20 709 | 24 949 | 21 722 | 32 759 |
| Provincial Government | 6 926 | 16 034 | 9 647 | 31 275 | 31 249 | 9 355 | 14 350 | 3 800 |
| Transfers recognised - capital | 24 471 | 41 256 | 39 565 | 51 984 | 51 958 | 34 304 | 36 072 | 36 559 |
| Public contributions & donations | 715 | 2 939 | 1 500 | 1 500 | 1 500 | 666 | – | – |
| Borrowing | 16 002 | – | – | 8 500 | – | – | 15 000 | 68 227 |
| Internally generated funds | 45 640 | 41 259 | 55 069 | 30 901 | 30 243 | 39 975 | 41 043 | 43 664 |
| Total Capital Funding | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

MBRR Table A6 - Budgeted Financial Position

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------|------------------|------------------|----------------------|------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| ASSETS | | | | | | | | |
| Current assets | | | | | | | | |
| Cash | 210 129 | 222 995 | 245 545 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Consumer debtors | 45 845 | 48 076 | 52 580 | 48 160 | 53 142 | 60 595 | 69 030 | 78 336 |
| Other debtors | 2 593 | 8 883 | 23 458 | 8 895 | 33 463 | 38 083 | 47 350 | 57 317 |
| Current portion of long-term receivables | 24 | 21 | 21 | 24 | 21 | 21 | 21 | 21 |
| Inventory | 7 035 | 9 118 | 8 632 | 6 304 | 7 404 | 7 404 | 7 404 | 7 404 |
| Total current assets | 265 626 | 289 093 | 330 236 | 246 002 | 326 567 | 347 817 | 469 129 | 472 431 |
| Non current assets | | | | | | | | |
| Long-term receivables | 397 | 232 | 211 | 185 | 190 | 169 | 148 | 127 |
| Investment property | 31 363 | 28 542 | 26 639 | 27 956 | 26 405 | 26 381 | 26 356 | 26 331 |
| Property, plant and equipment | 1 749 120 | 1 761 037 | 1 763 470 | 1 802 607 | 1 766 544 | 1 756 330 | 1 754 782 | 1 807 655 |
| Intangible | 458 | 1 160 | 3 047 | 841 | 2 888 | 2 142 | 1 485 | 879 |
| Other non-current assets | 767 | 767 | 770 | 767 | 770 | 770 | 770 | 770 |
| Total non current assets | 1 782 105 | 1 791 739 | 1 794 137 | 1 832 356 | 1 796 797 | 1 785 792 | 1 783 541 | 1 835 763 |
| TOTAL ASSETS | 2 047 732 | 2 080 832 | 2 124 373 | 2 078 358 | 2 123 364 | 2 133 608 | 2 252 670 | 2 308 194 |
| LIABILITIES | | | | | | | | |
| Current liabilities | | | | | | | | |
| Borrowing | 5 244 | 3 766 | 4 934 | 5 399 | 5 051 | 5 263 | 7 664 | 7 695 |
| Consumer deposits | 6 896 | 7 963 | 8 715 | 9 032 | 9 499 | 10 069 | 10 673 | 11 313 |
| Trade and other payables | 47 003 | 56 797 | 78 339 | 78 308 | 83 404 | 100 607 | 135 651 | 183 499 |
| Provisions | 5 731 | 6 172 | 5 388 | 7 001 | 6 217 | 6 666 | 7 016 | 7 401 |
| Total current liabilities | 64 875 | 74 698 | 97 376 | 99 740 | 104 171 | 122 604 | 161 005 | 209 908 |
| Non current liabilities | | | | | | | | |
| Borrowing | 141 479 | 137 631 | 134 387 | 134 984 | 129 336 | 124 093 | 196 892 | 186 735 |
| Provisions | 44 821 | 51 043 | 55 999 | 57 347 | 61 287 | 66 922 | 73 614 | 78 031 |
| Total non current liabilities | 186 300 | 188 674 | 190 387 | 192 331 | 190 623 | 191 015 | 270 507 | 264 766 |
| TOTAL LIABILITIES | 251 175 | 263 372 | 287 762 | 292 071 | 294 795 | 313 619 | 431 511 | 474 675 |
| NET ASSETS | 1 796 557 | 1 817 459 | 1 836 610 | 1 786 288 | 1 828 570 | 1 819 990 | 1 821 159 | 1 833 519 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | |
| Accumulated Surplus/(Deficit) | 1 705 433 | 1 730 203 | 1 736 378 | 1 699 032 | 1 728 337 | 1 719 757 | 1 720 927 | 1 733 287 |
| Reserves | 91 125 | 87 256 | 100 232 | 87 256 | 100 232 | 100 232 | 100 232 | 100 232 |
| TOTAL COMMUNITY WEALTH/EQUITY | 1 796 557 | 1 817 459 | 1 836 610 | 1 786 288 | 1 828 570 | 1 819 990 | 1 821 159 | 1 833 519 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Property rates, penalties & collection charges | 67 274 | 70 551 | 73 280 | 74 992 | 74 992 | 84 440 | 90 958 | 98 453 |
| Service charges | 237 430 | 250 967 | 260 549 | 278 531 | 278 531 | 326 171 | 362 619 | 394 900 |
| Other revenue | 27 835 | 51 810 | 63 291 | 35 757 | 32 538 | 33 233 | 34 461 | 35 706 |
| Government - operating | 38 924 | 64 638 | 64 809 | 62 706 | 87 898 | 110 396 | 146 779 | 136 439 |
| Government - capital | 24 567 | 37 053 | 35 292 | 66 939 | 50 297 | 39 433 | 34 072 | 36 259 |
| Interest | 9 917 | 12 934 | 16 371 | 9 607 | 19 107 | 18 741 | 18 753 | 18 766 |
| Payments | | | | | | | | |
| Suppliers and employees | (313 247) | (367 934) | (375 440) | (423 881) | (452 104) | (507 991) | (537 359) | (549 434) |
| Finance charges | (8 486) | (15 107) | (14 768) | (20 199) | (14 501) | (13 923) | (28 448) | (27 138) |
| Transfers and Grants | (1 293) | (1 975) | (1 999) | (2 137) | (2 137) | (2 137) | (2 137) | (2 206) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 82 922 | 102 937 | 121 386 | 82 316 | 74 622 | 88 363 | 119 699 | 141 744 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Proceeds on disposal of PPE | 1 550 | 540 | 1 341 | 1 700 | 200 | 200 | 200 | 200 |
| Decrease (Increase) in non-current debtors | - | - | - | 24 | 21 | 21 | 21 | 21 |
| Decrease (increase) other non-current receivables | 60 | 168 | 21 | - | - | - | - | - |
| Payments | | | | | | | | |
| Capital assets | (86 828) | (85 453) | (98 122) | (92 885) | (83 701) | (74 945) | (92 115) | (148 450) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (85 218) | (84 744) | (96 760) | (91 162) | (83 480) | (74 724) | (91 893) | (148 229) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Borrowing long term/refinancing | 82 | - | 2 349 | 8 500 | - | - | 83 227 | - |
| Increase (decrease) in consumer deposits | - | - | - | 591 | 784 | 570 | 604 | 640 |
| Payments | | | | | | | | |
| Repayment of borrowing | (6 868) | (5 326) | (4 424) | (5 748) | (4 934) | (5 032) | (8 026) | (10 126) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (6 785) | (5 326) | (2 075) | 3 343 | (4 150) | (4 462) | 75 805 | (9 486) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (9 082) | 12 866 | 22 550 | (5 503) | (13 008) | 9 176 | 103 610 | (15 971) |
| Cash/cash equivalents at the year begin: | 219 211 | 210 129 | 222 995 | 188 123 | 245 545 | 232 537 | 241 714 | 345 324 |
| Cash/cash equivalents at the year end: | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash levels above are inclusive of unspent grants.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | |
| Cash/cash equivalents at the year end | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Cash and investments available: | 210 129 | 222 995 | 245 545 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Application of cash and investments | | | | | | | | |
| Unspent conditional transfers | 2 430 | 102 | 247 | 19 554 | 1 400 | 9 899 | 41 164 | 90 474 |
| Unspent borrowing | – | – | – | – | – | – | 68 227 | – |
| Other working capital requirements | (3 933) | (18) | 4 615 | 6 390 | 3 260 | (838) | (13 579) | (33 001) |
| Reserves to be backed by cash/investments | 91 546 | 87 509 | 100 465 | 87 509 | 100 465 | 100 465 | 100 465 | 100 465 |
| Total Application of cash and investments: | 90 043 | 87 593 | 105 327 | 113 453 | 105 125 | 109 526 | 196 277 | 157 938 |
| Surplus(shortfall) | 120 087 | 135 402 | 140 218 | 69 166 | 127 412 | 132 188 | 149 047 | 171 415 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | |
| <u>Total New Assets</u> | 11 037 | 29 356 | 33 687 | 53 691 | 52 126 | 36 326 | 41 985 | 40 875 |
| Infrastructure - Road transport | 2 350 | 9 138 | 6 146 | 17 649 | 17 000 | - | - | - |
| Infrastructure - Electricity | - | 5 000 | 14 102 | 4 700 | 2 600 | 2 100 | - | 10 000 |
| Infrastructure - Water | 1 129 | 3 659 | 3 850 | 5 280 | 10 587 | 6 153 | 4 265 | 13 180 |
| Infrastructure - Sanitation | 1 338 | 2 359 | 2 603 | 3 550 | 9 689 | 250 | 10 250 | 4 870 |
| Infrastructure | 4 817 | 20 156 | 26 700 | 31 179 | 39 876 | 8 503 | 14 515 | 28 050 |
| Community | 383 | - | 198 | 11 823 | 4 376 | 21 333 | 23 337 | 8 909 |
| Investment properties | 1 195 | - | - | - | - | - | - | - |
| Other assets | 4 642 | 9 201 | 6 789 | 10 690 | 7 875 | 6 490 | 4 133 | 3 916 |
| <u>Total Renewal of Existing Assets</u> | 75 791 | 56 097 | 62 447 | 39 194 | 31 575 | 38 619 | 50 130 | 107 575 |
| Infrastructure - Road transport | 11 305 | 8 325 | 9 869 | 24 910 | 18 297 | 17 100 | 11 840 | 10 925 |
| Infrastructure - Electricity | 15 253 | 5 186 | 4 333 | 6 200 | 6 200 | 7 000 | 7 800 | 7 000 |
| Infrastructure - Water | 8 845 | 2 613 | - | 2 832 | - | 2 519 | 15 000 | 68 293 |
| Infrastructure - Sanitation | 30 561 | 34 137 | 40 799 | 3 660 | 5 560 | 5 500 | 10 065 | 15 300 |
| Infrastructure - Other | 200 | - | - | - | - | - | - | - |
| Infrastructure | 66 164 | 50 260 | 55 002 | 37 602 | 30 057 | 32 119 | 44 705 | 101 518 |
| Community | 1 618 | 989 | 787 | - | - | - | - | - |
| Other assets | 8 009 | 4 848 | 6 658 | 1 592 | 1 518 | 6 500 | 5 425 | 6 058 |
| <u>Total Capital Expenditure</u> | 13 655 | 17 463 | 16 015 | 42 559 | 35 297 | 17 100 | 11 840 | 10 925 |
| Infrastructure - Road transport | 15 253 | 10 185 | 18 435 | 10 900 | 8 800 | 9 100 | 7 800 | 17 000 |
| Infrastructure - Electricity | 9 973 | 6 272 | 3 850 | 8 112 | 10 587 | 8 672 | 19 265 | 81 473 |
| Infrastructure - Sanitation | 31 900 | 36 496 | 43 402 | 7 210 | 15 249 | 5 750 | 20 315 | 20 170 |
| Infrastructure - Other | 200 | - | - | - | - | - | - | - |
| Infrastructure | 70 981 | 70 416 | 81 702 | 68 781 | 69 933 | 40 622 | 59 220 | 129 568 |
| Community | 2 001 | 989 | 986 | 11 823 | 4 376 | 21 333 | 23 337 | 8 909 |
| Investment properties | 1 195 | - | - | - | - | - | - | - |
| Other assets | 12 651 | 14 048 | 13 447 | 12 282 | 9 393 | 12 990 | 9 558 | 9 974 |
| TOTAL CAPITAL EXPENDITURE - Asset class | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|------------------|------------------|------------------|----------------------|------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | |
| Infrastructure - Road transport | 576 180 | 570 034 | 549 076 | 583 482 | 555 945 | 543 415 | 525 402 | 506 549 |
| Infrastructure - Electricity | 307 748 | 306 729 | 313 989 | 306 316 | 310 476 | 307 129 | 302 040 | 306 374 |
| Infrastructure - Water | 284 853 | 282 442 | 277 410 | 275 991 | 277 432 | 276 126 | 277 993 | 341 012 |
| Infrastructure - Sanitation | 355 610 | 375 477 | 405 880 | 403 607 | 407 986 | 400 327 | 406 935 | 413 467 |
| Infrastructure - Other | 2 698 | 5 446 | 5 106 | 4 637 | 4 606 | 4 227 | 3 849 | 3 376 |
| Infrastructure | 1 527 089 | 1 540 128 | 1 551 461 | 1 574 033 | 1 556 444 | 1 531 224 | 1 516 219 | 1 570 777 |
| Community | 14 141 | 15 108 | 14 855 | 18 933 | 14 716 | 33 624 | 54 257 | 59 939 |
| Heritage assets | 767 | 767 | 770 | 767 | 770 | 770 | 770 | 770 |
| Investment properties | 31 363 | 28 542 | 26 639 | 27 956 | 26 405 | 26 381 | 26 356 | 26 331 |
| Other assets | 207 890 | 205 801 | 197 154 | 209 641 | 195 384 | 191 481 | 184 307 | 176 939 |
| Intangibles | 458 | 1 160 | 3 047 | 841 | 2 888 | 2 142 | 1 485 | 879 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 1 781 708 | 1 791 506 | 1 793 925 | 1 832 171 | 1 796 607 | 1 785 623 | 1 783 393 | 1 835 636 |
| EXPENDITURE OTHER ITEMS | | | | | | | | |
| <u>Depreciation & asset impairment</u> | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |
| <u>Repairs and Maintenance by Asset Class</u> | 15 696 | 17 030 | 19 651 | 20 559 | 34 488 | 46 868 | 52 669 | 24 963 |
| Infrastructure - Road transport | 3 387 | 3 406 | 4 591 | 3 561 | 17 410 | 23 551 | 32 861 | 3 950 |
| Infrastructure - Electricity | 1 079 | 934 | 1 108 | 1 011 | 1 011 | 1 224 | 1 284 | 1 346 |
| Infrastructure - Water | 827 | 924 | 792 | 957 | 957 | 1 179 | 1 132 | 1 186 |
| Infrastructure - Sanitation | 1 587 | 1 494 | 1 638 | 1 617 | 1 598 | 1 983 | 1 972 | 2 066 |
| Infrastructure - Other | 3 453 | 3 872 | 3 516 | 4 481 | 4 481 | 4 705 | 4 940 | 5 187 |
| Infrastructure | 10 334 | 10 631 | 11 644 | 11 626 | 25 456 | 32 642 | 42 188 | 13 736 |
| Community | 656 | 642 | 1 438 | 653 | 653 | 1 960 | 791 | 826 |
| Other assets | 4 706 | 5 757 | 6 569 | 8 279 | 8 379 | 12 267 | 9 690 | 10 402 |
| TOTAL EXPENDITURE OTHER ITEMS | 90 614 | 86 968 | 93 475 | 99 434 | 113 364 | 130 546 | 144 649 | 118 688 |
| <i>Renewal of Existing Assets as % of total capex</i> | 87.3% | 65.6% | 65.0% | 42.2% | 37.7% | 51.5% | 54.4% | 72.5% |
| <i>Renewal of Existing Assets as % of deprecn"</i> | 101.2% | 80.2% | 84.6% | 49.7% | 40.0% | 46.2% | 54.5% | 114.8% |
| <i>R&M as a % of PPE</i> | 0.9% | 1.0% | 1.1% | 1.1% | 2.0% | 2.7% | 3.0% | 1.4% |
| <i>Renewal and R&M as a % of PPE</i> | 5.0% | 4.0% | 5.0% | 3.0% | 4.0% | 5.0% | 6.0% | 7.0% |

Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

MBRR Table A10 - Basic Service Delivery Measurement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|----------------|----------------|----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Household service targets | | | | | | | | |
| Water: | | | | | | | | |
| Piped water inside dwelling | 89 711 | 89 711 | 89 711 | 89 711 | 89 711 | 89 711 | 89 711 | 89 711 |
| Piped water inside yard (but not in dwelling) | 16 520 | 16 520 | 16 520 | 16 520 | 16 520 | 16 520 | 16 520 | 16 520 |
| Using public tap (at least min.service level) | - | - | - | - | - | - | - | - |
| Other water supply (at least min.service level) | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 |
| Using public tap (< min.service level) | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | - | - | - | - | - | - | - | - |
| No water supply | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | - | - | - | - | - | - | - | - |
| Total number of households | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 | 106 231 |
| Sanitation/sewerage: | | | | | | | | |
| Flush toilet (connected to sewerage) | 88 473 | 88 473 | 88 473 | 88 473 | 88 473 | 88 473 | 88 473 | 88 473 |
| Flush toilet (with septic tank) | 13 842 | 13 842 | 13 842 | 13 842 | 13 842 | 13 842 | 13 842 | 13 842 |
| Chemical toilet | 164 | 164 | 164 | 164 | 164 | 164 | 164 | 164 |
| Pit toilet (ventilated) | 1 443 | 1 443 | 1 443 | 1 443 | 1 443 | 1 443 | 1 443 | 1 443 |
| Other toilet provisions (> min.service level) | 6 013 | 6 013 | 6 013 | 6 013 | 6 013 | 6 013 | 6 013 | 6 013 |
| <i>Minimum Service Level and Above sub-total</i> | 109 935 | 109 935 | 109 935 | 109 935 | 109 935 | 109 935 | 109 935 | 109 935 |
| Bucket toilet | - | - | - | - | - | - | - | - |
| Other toilet provisions (< min.service level) | - | - | - | - | - | - | - | - |
| No toilet provisions | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 |
| <i>Below Minimum Service Level sub-total</i> | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 | 2 980 |
| Total number of households | 112 915 | 112 915 | 112 915 | 112 915 | 112 915 | 112 915 | 112 915 | 112 915 |
| Energy: | | | | | | | | |
| Electricity (at least min.service level) | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 |
| Electricity - prepaid (min.service level) | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 | 110 975 |
| Electricity (< min.service level) | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | - | - | - | - | - | - | - | - |
| Other energy sources | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 |
| <i>Below Minimum Service Level sub-total</i> | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 | 1 166 |
| Total number of households | 112 141 | 112 141 | 112 141 | 112 141 | 112 141 | 112 141 | 112 141 | 112 141 |
| Refuse: | | | | | | | | |
| Removed at least once a week | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | - | - | - | - | - | - | - | - |
| Removed less frequently than once a week | 81 687 | 81 687 | 81 687 | 81 687 | 81 687 | 81 687 | 81 687 | 81 687 |
| Using communal refuse dump | 9 062 | 9 062 | 9 062 | 9 062 | 9 062 | 9 062 | 9 062 | 9 062 |
| Using own refuse dump | 18 935 | 18 935 | 18 935 | 18 935 | 18 935 | 18 935 | 18 935 | 18 935 |
| Other rubbish disposal | 2 934 | 2 934 | 2 934 | 2 934 | 2 934 | 2 934 | 2 934 | 2 934 |
| No rubbish disposal | 1 133 | 1 133 | 1 133 | 1 133 | 1 133 | 1 133 | 1 133 | 1 133 |
| <i>Below Minimum Service Level sub-total</i> | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 |
| Total number of households | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 | 113 751 |

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---------------|---------------|---------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Households receiving Free Basic Service | | | | | | | | | |
| Water (6 kilolitres per household per month) | 4 968 | 5 328 | 5 495 | 5 495 | 5 495 | 8 015 | 8 416 | 8 837 | 9 278 |
| Sanitation (free minimum level service) | 4 791 | 5 151 | 5 292 | 5 292 | 5 292 | 7 732 | 8 119 | 8 525 | 8 951 |
| Electricity/other energy (50kwh per household per month) | 4 649 | 5 009 | 5 266 | 5 266 | 5 266 | 7 196 | 7 556 | 7 934 | 8 330 |
| Refuse (removed at least once a week) | 4 976 | 5 336 | 5 476 | 5 476 | 5 476 | 7 935 | 8 332 | 8 748 | 9 186 |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service to indigent households) | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per indigent household per month) | - | - | - | - | - | - | - | - | - |
| Refuse (removed once a week for indigent households) | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | - | - | - | - | - | - | - | - | - |
| Total cost of FBS provided | - | - | - | - | - | - | - | - | - |
| Highest level of free service provided per household | | | | | | | | | |
| Property rates (R value threshold) | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 | 100 000 | 80 000 | 80 000 | 80 000 |
| Water (kilolitres per household per month) | 10 | 10 | 10 | 9 | 9 | 9 | 8 | 7 | 6 |
| Sanitation (kilolitres per household per month) | - | - | - | - | - | - | - | - | - |
| Sanitation (Rand per household per month) | 127 | 127 | 162 | 176 | 176 | 176 | 194 | 206 | 218 |
| Electricity (kwh per household per month) | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | - | - | - | - | - | - | - | - | - |
| Revenue cost of subsidised services provided (R'000) | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | 1 605 | 1 700 | 1 782 | 1 782 | 1 782 | 4 644 | 5 208 | 5 832 | 6 124 |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) | 2 295 | 2 027 | 3 361 | 6 291 | 6 291 | 6 291 | 6 291 | 5 578 | 5 881 |
| Water (in excess of 6 kilolitres per indigent household per month) | 2 877 | 2 674 | 3 572 | 9 190 | 9 114 | 9 114 | 9 114 | 6 785 | 7 431 |
| Sanitation (in excess of free sanitation service to indigent households) | 7 511 | 9 048 | 15 561 | 19 892 | 19 892 | 19 892 | 19 892 | 19 244 | 21 125 |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | 8 905 | 9 573 | 10 581 | 13 728 | 13 804 | 13 804 | 13 804 | 13 038 | 14 268 |
| Refuse (in excess of one removal a week for indigent households) | 5 029 | 5 612 | 9 001 | 11 373 | 11 373 | 11 373 | 11 373 | 11 009 | 12 105 |
| Municipal Housing - rental rebates | - | - | - | - | - | - | - | - | - |
| Housing - top structure subsidies | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| Total revenue cost of subsidised services provided | 28 224 | 30 634 | 43 858 | 62 256 | 62 256 | 65 119 | 65 683 | 61 485 | 66 934 |

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2011/12-2016/17) and the budget for the 2016/17 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2014. Key dates applicable to the process were:

- **October 2015** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **30 October 2015** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2016** – Adjustment budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2016** - Council considers and approve the 2015/16 Mid-year Review and Adjustments Budget;
- **February 2016** - Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **31 March 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
- **April 2016** – Public consultation;
- **29 April 2016** - Closing date for written comments;
- **3 to 18 May 2016** – Finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **26 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

2.1.2 Community Consultation

A full consultation process will be carried out during March/April 2016. During this process, members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs will be reviewed and where viable the proposed changes are incorporated into the final budget to be approved by Council at least 30 days before the start of the financial year.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2016/17 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Access to affordable and reliable municipal infrastructure | To lead and manage the Civil Engineering Services Department effectively and efficiently | A | – | 15 | 49 | – | – | 46 | – | – |
| | To provide adequate, affordable and well maintained civil engineering services to the municipal area | B | 71 597 | 78 259 | 88 052 | 133 557 | 132 633 | 147 516 | 170 901 | 157 738 |
| | To provide an adequate and affordable cleaning services to the municipal area | C | 25 682 | 27 291 | 26 013 | 30 387 | 30 387 | 33 218 | 34 940 | 37 019 |
| | To ensure that council's building infrastructure is sufficient and properly maintained | D | 693 | 5 356 | 7 287 | 690 | 690 | 3 696 | 3 628 | 3 659 |
| | To lead and manage the Electrical Engineering Services Department effectively and efficiently | E | – | – | – | – | – | – | – | – |
| | To provide adequate, affordable, safe and well maintained electricity to the municipal area | F | 166 855 | 176 095 | 194 129 | 211 931 | 211 855 | 247 414 | 267 957 | 302 535 |
| Increased community safety through traffic policing, by-law enforcement | To promote and maintain a safe environment - Provision of a traffic and law enforcement service | G | 0 | 0 | 0 | 0 | 0 | 9 | 0 | 0 |
| | Provision of an effective and pro-active fire-fighting and disaster management service | H | 8 963 | 30 382 | 34 656 | 32 218 | 32 218 | 35 318 | 37 749 | 39 422 |
| Sustainable development of the municipal area | To lead and manage the Development Services Department effectively and efficiently | I | 2 024 | 2 275 | 2 474 | 2 421 | 2 421 | 2 574 | 2 703 | 2 838 |
| | To promote social development in the municipal area | J | 223 | – | 273 | 4 586 | 136 | 1 077 | 8 737 | 137 |
| | To ensure sound management of the urban and rural environment | K | 2 157 | 1 922 | 3 436 | 1 929 | 1 929 | 2 423 | 2 528 | 2 633 |
| | To provide effective and sustainable housing delivery and management | M | 241 | 226 | 307 | 14 233 | 44 685 | 20 228 | 12 228 | 228 |
| Satisfied, involved and well informed clients | To lead and manage the Corporate Services Department effectively and efficiently | N | 600 | 477 | 400 | 875 | 875 | 286 | 322 | 340 |
| | To ensure an effective and client orientated municipal administration | O | 5 009 | 5 607 | 6 247 | 9 054 | 9 054 | 10 104 | 7 481 | 8 115 |
| A financial sustainable municipality with well maintained assets | To lead and manage the Financial Services Department effectively and efficiently | Q | 92 485 | 97 827 | 115 277 | 107 784 | 117 533 | 130 803 | 144 043 | 156 103 |
| | To ensure financial viability and sustainability | R | 34 831 | 73 628 | 56 741 | 125 | 125 | 125 | 125 | 125 |
| An agile, integrated, stable and corruption free organisation | To ensure an economical, effective, efficient and accountable organisation | S | – | – | – | 430 | 430 | – | – | – |
| | To ensure effective strategic management | T | – | – | – | – | – | – | – | – |
| | To ensure proper and up-to-date information communication technology systems and processes | U | 1 | – | 5 | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | | | 411 360 | 499 361 | 535 348 | 550 221 | 584 972 | 634 836 | 693 342 | 710 892 |

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Access to affordable and reliable municipal infrastructure | To lead and manage the Civil Engineering Services Department effectively and efficiently | A | 2 666 | 2 860 | 2 995 | 3 576 | 3 613 | 3 648 | 3 714 | 3 960 |
| | To provide adequate, affordable and well maintained civil engineering services to the municipal area | B | 123 652 | 132 059 | 147 741 | 165 417 | 177 671 | 193 884 | 224 429 | 204 691 |
| | To provide an adequate and affordable cleaning services to the municipal area | C | 21 810 | 22 667 | 24 801 | 28 959 | 29 054 | 29 522 | 31 409 | 33 600 |
| | To ensure that council's building infrastructure is sufficient and properly maintained | D | 12 095 | 12 358 | 10 141 | 10 476 | 9 589 | 13 549 | 10 147 | 9 956 |
| | To lead and manage the Electrical Engineering Services Department effectively and efficiently | E | – | – | – | – | – | – | – | – |
| | To provide adequate, affordable, safe and well maintained electricity to the municipal area | F | 146 557 | 154 305 | 168 816 | 198 062 | 198 482 | 221 952 | 243 254 | 267 155 |
| Increased community safety through traffic policing, by-law enforcement | To promote and maintain a safe environment - Provision of a traffic and law enforcement service | G | 2 552 | 2 743 | 2 864 | 2 512 | 2 546 | 3 556 | 3 600 | 4 002 |
| | Provision of an effective and pro-active fire-fighting and disaster management service | H | 23 512 | 38 129 | 35 142 | 42 317 | 39 427 | 44 072 | 46 767 | 49 666 |
| Sustainable development of the municipal area | To lead and manage the Development Services Department effectively and efficiently | I | 4 204 | 3 545 | 3 690 | 4 518 | 4 574 | 4 615 | 4 835 | 5 214 |
| | To promote social development in the municipal area | J | 1 748 | 2 050 | 2 268 | 2 916 | 3 106 | 3 700 | 4 038 | 4 139 |
| | To ensure sound management of the urban and rural environment | K | 5 775 | 5 805 | 7 684 | 8 313 | 9 230 | 8 972 | 9 044 | 9 599 |
| | To provide effective and sustainable housing delivery and management | M | 1 361 | 1 497 | 1 815 | 1 365 | 17 350 | 22 165 | 14 181 | 2 283 |
| Satisfied, involved and well informed clients | To lead and manage the Corporate Services Department effectively and efficiently | N | 9 153 | 9 949 | 11 021 | 12 494 | 12 701 | 11 975 | 12 669 | 13 565 |
| | To ensure an effective and client orientated municipal administration | O | 8 271 | 8 305 | 9 173 | 10 643 | 10 739 | 11 942 | 12 258 | 13 312 |
| A financial sustainable municipality with well maintained assets | To lead and manage the Financial Services Department effectively and efficiently | Q | 27 871 | 35 220 | 52 870 | 44 977 | 46 014 | 38 901 | 40 700 | 44 674 |
| | To ensure financial viability and sustainability | R | 13 130 | 36 866 | 23 881 | 14 645 | 14 675 | 14 483 | 15 276 | 15 646 |
| An agile, integrated, stable and corruption free organisation | To ensure an economical, effective, efficient and accountable organisation | S | 3 514 | 3 908 | 4 130 | 5 403 | 5 443 | 6 562 | 5 916 | 6 348 |
| | To ensure effective strategic management | T | 285 | 235 | 262 | – | – | – | – | – |
| | To ensure proper and up-to-date information communication technology systems and processes | U | 5 370 | 5 958 | 6 903 | 8 515 | 8 798 | 9 918 | 9 934 | 10 722 |
| Total Expenditure | | | 413 527 | 478 459 | 516 197 | 565 108 | 593 012 | 643 416 | 692 172 | 698 532 |

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | |
| Access to affordable and reliable municipal infrastructure | To lead and manage the Civil Engineering Services Department effectively and efficiently | A | 166 | 1 181 | 814 | 860 | 860 | 840 | 842 | 844 |
| | To provide adequate, affordable and well maintained civil engineering services to the municipal area | B | 56 684 | 47 952 | 58 734 | 47 029 | 34 828 | 49 876 | 64 386 | 120 809 |
| | To provide an adequate and affordable cleaning services to the municipal area | C | 2 045 | 4 903 | 2 024 | 15 | 15 | 1 543 | 516 | 2 498 |
| | To ensure that council's building infrastructure is sufficient and properly maintained | D | 459 | 180 | 163 | – | – | 20 | 1 720 | 23 |
| | To lead and manage the Electrical Engineering Services Department effectively and efficiently | E | 451 | 343 | 322 | 250 | 250 | 315 | 340 | 340 |
| | To provide adequate, affordable, safe and well maintained electricity to the municipal area | F | 16 180 | 10 933 | 15 523 | 6 260 | 6 192 | 7 020 | 8 250 | 18 480 |
| Increased community safety through traffic policing, by-law enforcement | To promote and maintain a safe environment - Provision of a traffic and law enforcement service | G | 884 | 47 | 704 | 290 | 900 | 495 | 1 394 | 737 |
| | Provision of an effective and proactive fire-fighting and disaster management service | H | 76 | 290 | 39 | 24 | 24 | 21 | 1 722 | 976 |
| Sustainable development of the municipal area | To lead and manage the Development Services Department effectively and efficiently | I | 156 | 123 | 112 | 30 | 30 | 74 | 62 | 64 |
| | To promote social development in the municipal area | J | 553 | – | – | 4 650 | 8 | 950 | 10 700 | 1 000 |
| | To ensure sound management of the urban and rural environment | K | 14 | – | – | – | 400 | 5 550 | 750 | 500 |
| | To provide effective and sustainable housing delivery and management | M | 6 652 | 16 903 | 13 731 | 20 550 | 35 075 | 3 020 | – | – |
| Satisfied, involved and well informed clients | To lead and manage the Corporate Services Department effectively and efficiently | N | 81 | 23 | 18 | 15 | 15 | 15 | 16 | 17 |
| | To ensure an effective and client orientated municipal administration | O | 1 428 | 380 | 1 004 | 10 955 | 3 705 | 4 060 | 232 | 433 |
| A financial sustainable municipality with well maintained assets | To lead and manage the Financial Services Department effectively and efficiently | Q | 29 | 418 | 30 | 315 | 530 | 15 | 436 | 187 |
| | To ensure financial viability and sustainability | R | 116 | 471 | 702 | 605 | 605 | 5 | 106 | 1 006 |
| An agile, integrated, stable and corruption free organisation | To ensure an economical, effective, efficient and accountable organisation | S | 22 | 1 | 20 | 5 | 5 | 5 | 6 | 6 |
| | To ensure effective strategic management | T | – | – | – | – | – | – | – | – |
| | To ensure proper and up-to-date information communication technology systems and processes | U | 834 | 1 305 | 2 194 | 1 032 | 259 | 1 121 | 640 | 532 |
| Total Capital Expenditure | | | 86 828 | 85 453 | 96 134 | 92 885 | 83 701 | 74 945 | 92 115 | 148 450 |

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

| Description | Unit of measurement | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| ACCESS TO AFFORDABLE AND RELIABLE | | | | | | | | | |
| To lead and manage the Civil Engineering Services Department effectively and efficiently | Completion of projects | 166 | 1 181 | 814 | 860 | 860 | 840 | 842 | 844 |
| To provide adequate, affordable and well maintained civil engineering services to the municipal area | Completion of projects | 56 684 | 47 952 | 58 734 | 47 029 | 34 828 | 49 876 | 64 386 | 120 809 |
| To provide an adequate and affordable cleaning services to the municipal area | Completion of projects | 2 045 | 4 903 | 2 024 | 15 | 15 | 1 543 | 516 | 2 498 |
| To ensure that council's building infrastructure is sufficient and properly maintained | Completion of projects | 459 | 180 | 163 | – | – | 20 | 1 720 | 23 |
| To lead and manage the Electrical Engineering Services Department effectively and efficiently | Completion of projects | 451 | 343 | 322 | 250 | 250 | 315 | 340 | 340 |
| To provide adequate, affordable, safe and well maintained electricity to the municipal area | Completion of projects | 16 180 | 10 933 | 15 523 | 6 260 | 6 192 | 7 020 | 8 250 | 18 480 |
| INCREASED COMMUNITY SAFETY | | | | | | | | | |
| To promote and maintain a safe environment - Provision of a traffic and law enforcement service | Completion of projects | 884 | 47 | 704 | 290 | 900 | 495 | 1 394 | 737 |
| Provision of an effective and pro-active fire-fighting and disaster management service | Completion of projects | 76 | 290 | 39 | 24 | 24 | 21 | 1 722 | 976 |
| SUSTAINABLE DEVELOPMENT OF THE | | | | | | | | | |
| To lead and manage the Development Services Department effectively and efficiently | Completion of projects | 156 | 123 | 112 | 30 | 30 | 74 | 62 | 64 |
| To promote social development in the municipal area | Completion of projects | 553 | – | – | 4 650 | 8 | 950 | 10 700 | 1 000 |
| To ensure sound management of the urban and rural environment | Completion of projects | 14 | – | – | – | 400 | 5 550 | 750 | 500 |
| To provide effective and sustainable housing delivery and management | Completion of projects | 6 652 | 16 903 | 13 731 | 20 550 | 35 075 | 3 020 | – | – |
| SATISFIED, INVOLVED AND WELL | | | | | | | | | |
| To lead and manage the Corporate Services Department effectively and efficiently | Completion of projects | 81 | 23 | 18 | 15 | 15 | 15 | 16 | 17 |
| To ensure an effective and client orientated municipal administration | Completion of projects | 1 428 | 380 | 1 004 | 10 955 | 3 705 | 4 060 | 232 | 433 |
| A FINANCIAL SUSTAINABLE | | | | | | | | | |
| To lead and manage the Financial Services Department effectively and efficiently | Completion of projects | 29 | 418 | 30 | 315 | 530 | 15 | 436 | 187 |
| To ensure financial viability and sustainability | Completion of projects | 116 | 471 | 702 | 605 | 605 | 5 | 106 | 1 006 |
| AN AGILE, INTEGRATED, STABLE AND | | | | | | | | | |
| To ensure an economical, effective, efficient and accountable organisation | Completion of projects | 22 | 1 | 20 | 5 | 5 | 5 | 6 | 6 |
| To ensure effective strategic management | Completion of projects | – | – | – | – | – | – | – | – |
| To ensure proper and up-to-date information communication technology systems and processes | Completion of projects | 834 | 1 305 | 2 194 | 1 032 | 259 | 1 121 | 640 | 532 |

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF. (Derived from the National Treasury formats)

MBRR Table SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Borrowing Management</u> | | | | | | | | | |
| Credit Rating | | A3 | A3 | A3 | A3 | A3 | A3 | A3 | A3 |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 3.7% | 4.3% | 3.7% | 4.6% | 3.3% | 2.9% | 5.3% | 5.3% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 4.4% | 5.2% | 4.5% | 6.0% | 4.4% | 3.8% | 6.7% | 6.3% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure ex cl. transfers and grants and contributions | 0.1% | 0.0% | 4.3% | 21.6% | 0.0% | 0.0% | 148.5% | 0.0% |
| <u>Safety of Capital</u> | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 155.3% | 157.7% | 134.1% | 154.7% | 129.0% | 123.8% | 196.4% | 186.3% |
| <u>Liquidity</u> | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 4.1 | 3.9 | 3.4 | 2.5 | 3.1 | 2.8 | 2.9 | 2.3 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 4.1 | 3.9 | 3.4 | 2.5 | 3.1 | 2.8 | 2.9 | 2.3 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 3.2 | 3.0 | 2.5 | 1.8 | 2.2 | 2.0 | 2.1 | 1.6 |
| <u>Revenue Management</u> | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | 100.0% | 100.0% | 100.1% | 96.8% | 95.0% | 95.0% | 97.2% | 97.2% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 100.0% | 100.1% | 96.8% | 95.0% | 95.0% | 97.2% | 97.2% | 97.2% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 12.6% | 12.5% | 15.4% | 11.5% | 16.3% | 16.5% | 17.7% | 20.1% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| Description of financial indicator | Basis of calculation | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Creditors Management</u> | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Creditors to Cash and Investments | | 21.2% | 25.4% | 31.8% | 32.2% | 35.3% | 37.5% | 27.4% | 28.2% |
| <u>Other Indicators</u> | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | 10 753 638 | 10 395 811 | 10 589 733 | 10 649 590 | 10 649 590 | 10 649 590 | 10 649 590 | 10 649 590 |
| | Total Cost of Losses (Rand '000) | R 6 882 328 | R 7 105 537 | R 7 772 864 | R 8 769 937 | R 8 769 937 | R 9 629 359 | R 10 572 913 | R 11 609 118 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 5.85% | 5.71% | 5.71% | 5.81% | 5.81% | 5.81% | 5.81% | 5.81% |
| | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | 949 451 | 660 621 | 926 814 | 787 303 | 787 303 | 787 303 | 787 303 | 787 303 |
| | Total Cost of Losses (Rand '000) | R 7 776 004 | R 5 734 190 | R 6 610 102 | 7 314 044 | 7 314 044 | 8 838 179 | 9 898 761 | 11 086 612 |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | 17.24% | 12.13% | 15.67% | 15.36% | 15.36% | 15.36% | 15.36% | 15.36% |
| | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 32.5% | 28.3% | 27.4% | 31.5% | 30.0% | 29.3% | 28.0% | 29.4% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 34.3% | 30.0% | 29.0% | 33.5% | 31.8% | 30.8% | 29.5% | 30.8% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 4.1% | 3.7% | 4.0% | 4.1% | 6.5% | 7.8% | 8.0% | 3.7% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 21.6% | 18.6% | 17.9% | 19.9% | 17.6% | 16.3% | 18.3% | 17.9% |
| <u>IDP regulation financial viability indicators</u> | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 18.96 | 18.8 | 28.0 | 18.1 | 18.1 | 18.5 | 18.8 | 20.3 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 15.8% | 17.6% | 21.8% | 15.2% | 23.1% | 23.2% | 24.7% | 26.5% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 8.5 | 7.7 | 8.0 | 5.0 | 6.3 | 6.0 | 8.0 | 7.3 |

Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.2.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. As discussed previously in this report, the employee related costs at the municipality is slightly above the benchmarks set in the Western Cape if we exclude items such as bulk purchases and depreciation from the calculations.

- Repairs and maintenance should be approximately 8 per cent over the MTREF to be aligned to benchmarks developed by National Treasury.

2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy is reviewed annually and any revisions will be approved in May 2016. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 97.15 per cent on current billings.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Funding and Reserve, Debt and Borrowing Policy was approved in May 2015 and no changes are required in current year.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and any revisions will be approved in May 2016.

2.3.4 Budget and Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Virement Policy was approved by Council in June 2011. The policy is reviewed annually and any revisions will be approved in May 2016.

The draft Budget Implementation Policy will be tabled in March 2016.

2.3.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy is reviewed annually and any revisions will be approved in May 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 3 and 4 months at all times, which is well above the norm in local government.

2.3.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.3.7 Long Term Financial Plan Policy

The municipality approved a Long Term Financial Plan Policy in May 2015. The main objective of this policy is to establish and document a structured approach to be followed when compiling a long term financial plan. The long term plan must ensure that the municipality remains financially viable for the foreseeable future while also ensuring that current and future service delivery needs of the community are met.

All the above policies are available on the Municipality's website.

2.4 Overview of budget assumptions

2.4.1 External factors

After the publication of the Census 2011 data, it was revealed that the Swartland Municipality is listed as one of the top ten in terms of population growth. This, coupled with the high unemployment rate in South Africa could place enormous pressure on the revenue stream and especially the recovery rate of debtors. The recovery rate is currently 97.15 per cent.

2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2016/17 MTREF.

Table 1: Macroeconomic performance and projections, 2014 - 2018

| Fiscal year | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---------------|---------|----------|----------|---------|---------|
| | Actual | Estimate | Forecast | | |
| CPI Inflation | 5.6% | 5.5% | 6.0% | 5.8% | 5.8% |

Low oil prices is contributing to the lower rate of inflation. However, the lower oil price is partially offset by the weakening in the Rand vs the Dollar. Inflation is also influenced by the current drought experience in large portion of the country that is contributing to higher food prices.

2.4.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. The current electricity crisis in South Africa is a large contributing factor to this pressure, as the uncertainties surrounding the supply of electricity is negatively impacting on any possible growth opportunities.

2.4.4 Interest rates for borrowing and investment of funds

Interest rates are currently in an upward cycle and more interest rate increases can be expected within the near future to curb the inflation risk. The inflation rate is currently within the target range of the South African Reserve Bank (3 % – 6 %).

2.4.5 Collection rate for revenue services

The base assumption is that tariff and rate increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (97.15 per cent) of annual billings. Cash flow is assumed to be 97.15 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.7 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

2.4.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Too few people work;
- The quality of school education for black people is poor;
- Infrastructure is poorly located, inadequate and under-maintained;
- Spatial divides hobble inclusive development;
- The economy is unsustainably resource intensive;
- The public health system cannot meet demand or sustain quality;
- Public services are uneven and often of poor quality;
- Corruption levels are high; and
- South Africa remains a divided society.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.9 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

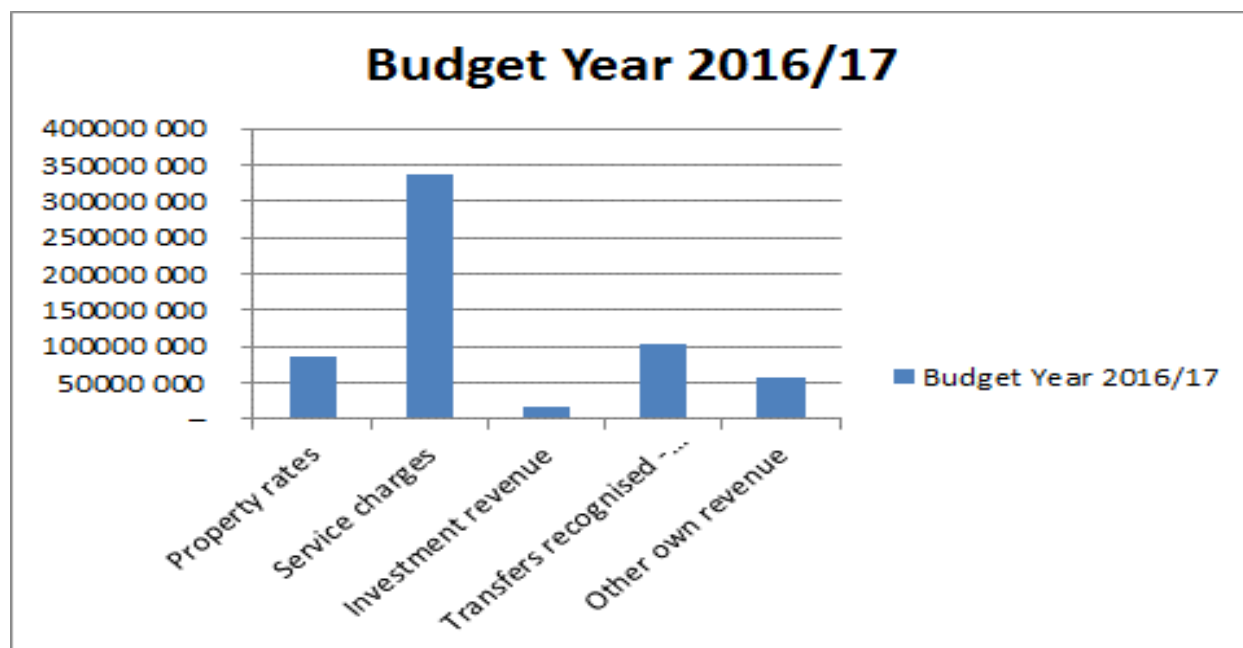
2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

| Description R thousands | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Financial Performance | | | | | | | | |
| Property rates | 67 274 | 70 548 | 73 332 | 78 939 | 78 939 | 86 917 | 93 627 | 101 341 |
| Service charges | 237 430 | 250 699 | 271 667 | 293 191 | 293 191 | 335 739 | 373 257 | 406 484 |
| Investment revenue | 9 917 | 12 934 | 16 371 | 8 300 | 17 800 | 17 300 | 17 300 | 17 300 |
| Transfers recognised - operational | 40 483 | 66 152 | 64 628 | 62 706 | 87 983 | 103 126 | 113 514 | 86 829 |
| Other own revenue | 31 635 | 55 772 | 68 273 | 53 601 | 53 601 | 56 785 | 59 572 | 62 378 |
| Total Revenue (excluding capital transfers and contributions) | 386 739 | 456 105 | 494 271 | 496 737 | 531 514 | 599 866 | 657 270 | 674 333 |

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

MBRR SA15 – Detail Investment Information

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

MBRR SA16 – Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Property rates, penalties & collection charges | 67 274 | 70 551 | 73 280 | 74 992 | 74 992 | 84 440 | 90 958 | 98 453 |
| Service charges | 237 430 | 250 967 | 260 549 | 278 531 | 278 531 | 326 171 | 362 619 | 394 900 |
| Other revenue | 27 835 | 51 810 | 63 291 | 35 757 | 32 538 | 33 233 | 34 461 | 35 706 |
| Government - operating | 38 924 | 64 638 | 64 809 | 62 706 | 87 898 | 110 396 | 146 779 | 136 439 |
| Government - capital | 24 567 | 37 053 | 35 292 | 66 939 | 50 297 | 39 433 | 34 072 | 36 259 |
| Interest | 9 917 | 12 934 | 16 371 | 9 607 | 19 107 | 18 741 | 18 753 | 18 766 |
| Payments | | | | | | | | |
| Suppliers and employees | (313 247) | (367 934) | (375 440) | (423 881) | (452 104) | (507 991) | (537 359) | (549 434) |
| Finance charges | (8 486) | (15 107) | (14 768) | (20 199) | (14 501) | (13 923) | (28 448) | (27 138) |
| Transfers and Grants | (1 293) | (1 975) | (1 999) | (2 137) | (2 137) | (2 137) | (2 137) | (2 206) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 82 922 | 102 937 | 121 386 | 82 316 | 74 622 | 88 363 | 119 699 | 141 744 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Proceeds on disposal of PPE | 1 550 | 540 | 1 341 | 1 700 | 200 | 200 | 200 | 200 |
| Decrease (Increase) in non-current debtors | - | - | - | 24 | 21 | 21 | 21 | 21 |
| Decrease (increase) other non-current receivables | 60 | 168 | 21 | - | - | - | - | - |
| Payments | | | | | | | | |
| Capital assets | (86 828) | (85 453) | (98 122) | (92 885) | (83 701) | (74 945) | (92 115) | (148 450) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (85 218) | (84 744) | (96 760) | (91 162) | (83 480) | (74 724) | (91 893) | (148 229) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Borrowing long term/refinancing | 82 | - | 2 349 | 8 500 | - | - | 83 227 | - |
| Increase (decrease) in consumer deposits | - | - | - | 591 | 784 | 570 | 604 | 640 |
| Payments | | | | | | | | |
| Repayment of borrowing | (6 868) | (5 326) | (4 424) | (5 748) | (4 934) | (5 032) | (8 026) | (10 126) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (6 785) | (5 326) | (2 075) | 3 343 | (4 150) | (4 462) | 75 805 | (9 486) |
| NET INCREASE/ (DECREASE) IN CASH HELD | (9 082) | 12 866 | 22 550 | (5 503) | (13 008) | 9 176 | 103 610 | (15 971) |
| Cash/cash equivalents at the year begin: | 219 211 | 210 129 | 222 995 | 188 123 | 245 545 | 232 537 | 241 714 | 345 324 |
| Cash/cash equivalents at the year end: | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash and investments available | | | | | | | | |
| Cash/cash equivalents at the year end | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Cash and investments available: | 210 129 | 222 995 | 245 545 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Application of cash and investments | | | | | | | | |
| Unspent conditional transfers | 2 430 | 102 | 247 | 19 554 | 1 400 | 9 899 | 41 164 | 90 474 |
| Unspent borrowing | — | — | — | — | — | — | 68 227 | — |
| Other working capital requirements | (3 933) | (18) | 4 615 | 6 390 | 3 260 | (838) | (13 579) | (33 001) |
| Reserves to be backed by cash/investments | 91 546 | 87 509 | 100 465 | 87 509 | 100 465 | 100 465 | 100 465 | 100 465 |
| Total Application of cash and investments: | 90 043 | 87 593 | 105 327 | 113 453 | 105 125 | 109 526 | 196 277 | 157 938 |
| Surplus(shortfall) | 120 087 | 135 402 | 140 218 | 69 166 | 127 412 | 132 188 | 149 047 | 171 415 |

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.

- The Capital Replacement Reserve that needs to be cash-backed.

2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

| Description | MFMA section | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Funding measures | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 210 129 | 222 995 | 245 546 | 182 619 | 232 537 | 241 714 | 345 324 | 329 353 |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 120 087 | 135 402 | 140 218 | 69 166 | 127 412 | 132 188 | 149 047 | 171 415 |
| Cash year end/monthly employee/supplier payments | 18(1)b | 8.5 | 7.7 | 8.0 | 5.0 | 6.3 | 6.0 | 8.0 | 7.3 |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | (2 167) | 20 902 | 19 151 | (14 887) | (8 041) | (8 580) | 1 170 | 12 360 |
| Service charge rev % change - macro CPIX target exclusive | 18(1)a,(2) | N.A. | (0.6%) | 1.4% | 1.9% | (6.0%) | 7.6% | 4.5% | 2.8% |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 99.3% | 99.2% | 96.4% | 91.5% | 90.7% | 92.6% | 92.7% | 92.8% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 0.4% | 5.9% | 4.6% | 9.2% | 8.3% | 4.3% | 4.1% | 4.0% |
| Capital payments % of capital expenditure | 18(1)c;19 | 100.0% | 100.0% | 102.1% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 0.1% | 0.0% | 4.2% | 20.8% | 0.0% | 0.0% | 148.5% | 0.0% |
| Grants % of Govt. legislated/gazetted allocations | 18(1)a | | | | | | 100.0% | 100.0% | 100.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | N.A. | 17.6% | 33.5% | (25.0%) | 51.8% | 13.9% | 17.9% | 16.6% |
| Long term receivables % change - incr(decr) | 18(1)a | N.A. | (41.5%) | (9.1%) | (12.3%) | 2.6% | (11.1%) | (12.5%) | (14.3%) |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 0.9% | 1.0% | 1.1% | 1.1% | 2.0% | 2.7% | 3.0% | 1.4% |
| Asset renewal % of capital budget | 20(1)(vi) | 87.3% | 65.6% | 65.0% | 42.2% | 37.7% | 51.5% | 54.4% | 72.5% |

2.5.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of 4.

2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the

relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 97.15 per cent performance target, the cash flow statement has been based on actual rates achieved during 2014/2015. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. It also includes fines with a very low collection rate (below 25%) This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.5.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

2.5.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise

and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.6 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

| Description | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Final Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | |
| EXPENDITURE: | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | |
| National Government: | 55 436 | 62 210 | 70 914 | 79 258 |
| Local Government Equitable Share | 51 772 | 59 275 | 69 364 | 77 708 |
| Municipal Systems Improvement | 930 | — | — | — |
| Finance Management | 1 549 | 1 475 | 1 550 | 1 550 |
| EPWP Incentive | 1 185 | 1 460 | — | — |
| Provincial Government: | 32 499 | 40 916 | 42 600 | 7 571 |
| Community Development: Workers | 28 | 37 | 37 | 37 |
| Housing | 13 888 | 20 000 | 12 000 | — |
| Refurbishment of Municipal Flats | 2 000 | — | — | — |
| Libraries | 6 185 | 6 616 | 7 013 | 7 434 |
| Proclaimed Roads Subsidy | 9 948 | 14 263 | 23 550 | — |
| Financial Management Support Grant | 100 | — | — | — |
| Financial Management Support Grant: mSCOA | 50 | — | — | — |
| Ilange Lethu Centre | 100 | — | — | 100 |
| RSEP/VPUU Municipal Projects | 200 | — | — | — |
| Other grant providers: | 48 | — | — | — |
| Disaster Fund | 48 | — | — | — |
| Total operating expenditure of Transfers and Grants: | 87 983 | 103 126 | 113 514 | 86 829 |
| <u>Capital expenditure of Transfers and Grants</u> | | | | |
| National Government: | 20 709 | 24 949 | 21 722 | 32 759 |
| Municipal Infrastructure Grant (MIG) | 20 709 | 20 330 | 21 722 | 22 759 |
| ACIP Water conservation | — | 2 519 | — | — |
| Integrated National Electrification Programme (municipal) | — | 2 100 | — | — |
| Provincial Government: | 31 249 | 9 355 | 14 350 | 3 800 |
| Human Settlements | 28 516 | — | 7 700 | — |
| RSEP/VPUU Municipal Projects | 300 | 6 325 | 6 650 | 3 800 |
| Libraries | 2 425 | 3 030 | — | — |
| Community Development: Workers | 8 | — | — | — |
| Total capital expenditure of Transfers and Grants | 51 958 | 34 304 | 36 072 | 36 559 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | 139 941 | 137 430 | 149 586 | 123 388 |

MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description R thousand | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-------------------------|--|---------------------------|---------------------------|
| | Final Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| <u>Operating transfers and grants:</u> | | | | |
| National Government: | | | | |
| Balance unspent at beginning of the year | 99 | – | – | – |
| Current year receipts | 55 337 | 62 210 | 70 914 | 79 258 |
| Transfer to/from Debtors | – | – | – | – |
| Conditions met - transferred to revenue | 55 436 | 62 210 | 70 914 | 79 258 |
| Conditions still to be met - transferred to liabilities | – | – | – | – |
| Provincial Government: | | | | |
| Balance unspent at beginning of the year | 100 | 50 | 7 320 | 40 585 |
| Current year receipts | 32 561 | 48 186 | 75 865 | 57 181 |
| Transfer to/from Debtors | (112) | – | – | – |
| Conditions met - transferred to revenue | 32 499 | 40 916 | 42 600 | 7 571 |
| Conditions still to be met - transferred to liabilities | 50 | 7 320 | 40 585 | 90 195 |
| Other grant providers: | | | | |
| Balance unspent at beginning of the year | 48 | – | – | – |
| Current year receipts | – | – | – | – |
| Transfer to/from Debtors | – | – | – | – |
| Conditions met - transferred to revenue | 48 | – | – | – |
| Conditions still to be met - transferred to liabilities | – | – | – | – |
| Total operating transfers and grants revenue | 87 983 | 103 126 | 113 514 | 86 829 |
| Total operating transfers and grants - CTBM | 50 | 7 320 | 40 585 | 90 195 |
| <u>Capital transfers and grants:</u> | | | | |
| National Government: | | | | |
| Balance unspent at beginning of the year | – | – | – | – |
| Current year receipts | 20 709 | 28 849 | 21 722 | 32 759 |
| Transfer to/from Debtors | – | (3 900) | – | – |
| Conditions met - transferred to revenue | 20 709 | 24 949 | 21 722 | 32 759 |
| Conditions still to be met - transferred to liabilities | – | – | – | – |
| Provincial Government: | | | | |
| Balance unspent at beginning of the year | – | 1 350 | 2 579 | 579 |
| Current year receipts | 29 588 | 10 584 | 12 350 | 3 500 |
| Transfer to/from Debtors | 3 011 | – | – | – |
| Conditions met - transferred to revenue | 31 249 | 9 355 | 14 350 | 3 800 |
| Conditions still to be met - transferred to liabilities | 1 350 | 2 579 | 579 | 279 |
| Total capital transfers and grants revenue | 51 958 | 34 304 | 36 072 | 36 559 |
| Total capital transfers and grants - CTBM | 1 350 | 2 579 | 579 | 279 |
| TOTAL TRANSFERS AND GRANTS REVENUE | 139 941 | 137 430 | 149 586 | 123 388 |
| TOTAL TRANSFERS AND GRANTS - CTBM | 1 400 | 9 899 | 41 164 | 90 474 |

2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Cash Transfers to Organisations | | | | | | | | |
| <i>Darling Focus</i> | 40 | – | – | 40 | 40 | 40 | 40 | 40 |
| <i>Darling Renosterveld en Groenkloof</i> | – | – | – | 20 | 20 | 20 | 20 | 20 |
| <i>Donation: Huis van Heerde</i> | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| <i>Donation: SPCA</i> | 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| <i>ECD Centres</i> | – | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| <i>Elkana Child Care</i> | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>HUB R27</i> | – | – | – | 30 | 30 | 30 | 30 | 30 |
| <i>Multipurpose Centre: Illinge Lethu</i> | 38 | 40 | 40 | – | – | – | – | – |
| <i>Multipurpose Centre: Kalbaskraal</i> | 26 | 29 | 24 | 30 | 30 | 30 | 30 | 30 |
| <i>Multipurpose Centre: Moorreesburg</i> | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| <i>Museum - Malmesbury</i> | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>Museum: Darling</i> | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>Museum: Oude Kerk</i> | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>Museum: Wheat Industry</i> | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| <i>Night Shelter</i> | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| <i>Old Age Homes</i> | – | 676 | 676 | 680 | 680 | 680 | 680 | 680 |
| <i>Ons Kan Training Centre</i> | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| <i>Paardeberg</i> | – | – | – | – | – | – | – | – |
| <i>Yzerfontein Conservancy</i> | 50 | 50 | 50 | 65 | 65 | 65 | 65 | 65 |
| <i>National Sea Rescue Institute (NSRI)</i> | – | – | 30 | 30 | 30 | 30 | 30 | 30 |
| <i>Tourism: Swartland Coast</i> | 634 | 634 | 634 | 697 | 697 | 697 | 697 | 767 |
| Total Cash Transfers To Organisations | 1 293 | 1 975 | 1 999 | 2 137 | 2 137 | 2 137 | 2 137 | 2 206 |
| | | | | | | | | |
| TOTAL CASH TRANSFERS AND GRANTS | 1 293 | 1 975 | 1 999 | 2 137 | 2 137 | 2 137 | 2 137 | 2 206 |

2.8 Councilor and employee benefits

MBRR SA22 - Summary of councilor and staff benefits

| Summary of Employee and Councilor remuneration R thousand | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| | A | B | C | D | E | G | H | I |
| <u>Councillors (Political Office Bearers plus Other)</u> | | | | | | | | |
| Basic Salaries and Wages | 3 919 | 4 793 | 5 106 | 6 116 | 6 116 | 5 493 | 5 822 | 5 734 |
| Pension and UIF Contributions | 588 | 720 | 766 | 837 | 837 | 747 | 747 | 791 |
| Medical Aid Contributions | 334 | 218 | 255 | 284 | 284 | 331 | 350 | 371 |
| Motor Vehicle Allowance | 1 533 | 1 495 | 1 568 | 1 746 | 1 746 | 2 048 | 2 171 | 2 301 |
| Cellphone Allowance | 329 | 478 | 478 | 547 | 547 | 547 | 580 | 615 |
| Sub Total - Councillors | 6 703 | 7 703 | 8 174 | 9 530 | 9 530 | 9 165 | 9 671 | 9 813 |
| % increase | | 14.9% | 6.1% | 16.6% | - | (3.8%) | 5.5% | 1.5% |
| <u>Senior Managers of the Municipality</u> | | | | | | | | |
| Basic Salaries and Wages | 4 723 | 5 060 | 5 581 | 5 602 | 5 602 | 7 040 | 7 684 | 8 291 |
| Pension and UIF Contributions | 845 | 973 | 1 117 | 1 265 | 1 265 | 1 290 | 1 367 | 1 448 |
| Medical Aid Contributions | 329 | 272 | 271 | 310 | 310 | 313 | 341 | 372 |
| Motor Vehicle Allowance | 1 080 | 1 046 | 960 | 851 | 851 | 764 | 810 | 858 |
| Other benefits and allowances | 196 | 188 | 278 | 583 | 583 | 289 | 300 | 312 |
| Long service awards | 212 | 69 | 114 | - | - | 297 | - | - |
| Sub Total - Senior Managers of Municipality | 7 385 | 7 609 | 8 320 | 8 611 | 8 611 | 9 993 | 10 501 | 11 280 |
| % increase | | 3.0% | 9.3% | 3.5% | - | 16.0% | 5.1% | 7.4% |
| <u>Other Municipal Staff</u> | | | | | | | | |
| Basic Salaries and Wages | 71 410 | 76 774 | 82 379 | 93 467 | 95 351 | 105 319 | 113 988 | 123 287 |
| Pension and UIF Contributions | 11 621 | 12 293 | 13 146 | 15 105 | 15 433 | 15 889 | 16 694 | 17 622 |
| Medical Aid Contributions | 5 071 | 5 525 | 6 176 | 6 945 | 6 945 | 8 542 | 9 257 | 10 090 |
| Overtime | 4 214 | 4 465 | 4 830 | 4 486 | 4 486 | 5 357 | 6 079 | 6 020 |
| Motor Vehicle Allowance | 5 248 | 5 770 | 5 726 | 7 378 | 7 827 | 8 166 | 8 666 | 9 078 |
| Housing Allowances | 441 | 413 | 445 | 700 | 946 | 1 561 | 1 664 | 1 764 |
| Other benefits and allowances | 5 960 | 6 422 | 6 194 | 6 117 | 5 875 | 7 866 | 8 339 | 8 795 |
| Payments in lieu of leave | 602 | 1 465 | 1 016 | 1 217 | 1 217 | 1 302 | 1 393 | 1 491 |
| Long service awards | 2 911 | 947 | 808 | 1 814 | 1 814 | 797 | 446 | 997 |
| Post-retirement benefit obligations | 10 957 | 7 348 | 6 192 | 10 866 | 10 866 | 10 866 | 6 935 | 7 638 |
| Sub Total - Other Municipal Staff | 118 435 | 121 422 | 126 910 | 148 095 | 150 760 | 165 665 | 173 461 | 186 781 |
| % increase | | 2.5% | 4.5% | 16.7% | 1.8% | 9.9% | 4.7% | 7.7% |
| Total Parent Municipality | 132 523 | 136 734 | 143 404 | 166 236 | 168 902 | 184 823 | 193 633 | 207 875 |
| | | 3.2% | 4.9% | 15.9% | 1.6% | 9.4% | 4.8% | 7.4% |
| TOTAL SALARY, ALLOWANCES & BENEFITS | 132 523 | 136 734 | 143 404 | 166 236 | 168 902 | 184 823 | 193 633 | 207 875 |
| % increase | | 3.2% | 4.9% | 15.9% | 1.6% | 9.4% | 4.8% | 7.4% |
| TOTAL MANAGERS AND STAFF | 125 820 | 129 031 | 135 231 | 156 706 | 159 372 | 175 658 | 183 962 | 198 062 |

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

| Disclosure of Salaries, Allowances & Benefits | Salary | Contributions | Allowances | Total Package |
|--|-------------------|------------------|------------------|-------------------|
| Rand per annum | | | | |
| <u>Councillors</u> | | | | |
| Speaker | 397 330 | 103 242 | 190 646 | 691 218 |
| Executive Mayor | 532 310 | 93 408 | 232 361 | 858 079 |
| Deputy Executive Mayor | 435 280 | 65 292 | 190 646 | 691 218 |
| Executive Committee | 1 538 950 | 279 734 | 720 872 | 2 539 556 |
| Total for all other councillors | 2 589 020 | 535 564 | 1 260 795 | 4 385 379 |
| Total Councillors | 5 492 890 | 1 077 240 | 2 595 320 | 9 165 450 |
| <u>Senior Managers of the Municipality</u> | | | | |
| Municipal Manager (MM) | 1 418 740 | 284 708 | 310 304 | 2 013 753 |
| Chief Finance Officer | 1 083 399 | 236 911 | 110 242 | 1 430 553 |
| Director: Corporate Services | 925 032 | 213 867 | 101 050 | 1 239 949 |
| Director: Development Services | 859 660 | 209 559 | 211 748 | 1 280 967 |
| Director: Civil Services | 948 052 | 214 891 | 184 078 | 1 347 021 |
| Director: Electrical Services | 909 375 | 210 382 | 239 014 | 1 358 772 |
| Director: Protection Services | 896 207 | 220 017 | 205 267 | 1 321 491 |
| Total Senior Managers of the Municipality | 7 040 466 | 1 590 335 | 1 361 704 | 9 992 505 |
| | | | | |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | 12 533 356 | 2 667 574 | 3 957 024 | 19 157 954 |

MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers Number | 2014/15 | | | Current Year 2015/16 | | | Budget Year 2016/17 | | |
|---|------------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | 23 | 7 | 16 | 23 | 7 | 16 | 23 | 7 | 16 |
| Board Members of municipal entities | – | – | – | – | – | – | – | – | – |
| Municipal employees | | | | | | | | | |
| Municipal Manager and Senior Managers | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| Other Managers | – | – | – | – | – | – | – | – | – |
| Professionals | 24 | 24 | – | 24 | 24 | – | 24 | 24 | – |
| <i>Finance</i> | 5 | 5 | – | 5 | 5 | – | 5 | 5 | – |
| <i>Spatial/town planning</i> | 4 | 4 | – | 4 | 4 | – | 4 | 4 | – |
| <i>Information Technology</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Roads</i> | – | – | – | – | – | – | – | – | – |
| <i>Electricity</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Water</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Sanitation</i> | – | – | – | – | – | – | – | – | – |
| <i>Refuse</i> | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| <i>Other</i> | 9 | 9 | – | 9 | 9 | – | 9 | 9 | – |
| Technicians | 31 | 30 | – | 30 | 30 | – | 30 | 30 | – |
| <i>Finance</i> | – | – | – | – | – | – | – | – | – |
| <i>Spatial/town planning</i> | 4 | 4 | – | 4 | 4 | – | 4 | 4 | – |
| <i>Information Technology</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Roads</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Electricity</i> | 5 | 5 | – | 5 | 5 | – | 5 | 5 | – |
| <i>Water</i> | 3 | 3 | – | 3 | 3 | – | 3 | 3 | – |
| <i>Sanitation</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Refuse</i> | 2 | 2 | – | 2 | 2 | – | 2 | 2 | – |
| <i>Other</i> | 11 | 10 | – | 10 | 10 | – | 10 | 10 | – |
| Clerks (Clerical and administrative) | 112 | 106 | – | 111 | 107 | – | 111 | 111 | – |
| Service and sales workers | 66 | 62 | – | 66 | 62 | – | 66 | 66 | – |
| Skilled agricultural and fishery workers | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – |
| Craft and related trades | 32 | 30 | – | 32 | 30 | – | 32 | 32 | – |
| Plant and Machine Operators | 42 | 41 | – | 42 | 42 | – | 42 | 42 | – |
| Elementary Occupations | 239 | 213 | – | 238 | 233 | – | 238 | 238 | – |
| TOTAL PERSONNEL NUMBERS | 577 | 521 | 16 | 574 | 543 | 16 | 574 | 558 | 16 |
| % increase | | | | (0.5%) | 4.2% | – | – | 2.8% | – |
| Total municipal employees headcount | 577 | 521 | 16 | 574 | 543 | 16 | 574 | 558 | 16 |
| Finance personnel headcount | 72 | 66 | – | 66 | 66 | – | 66 | 66 | – |
| Human Resources personnel headcount | 5 | 5 | – | 5 | 5 | – | 5 | 5 | – |

2.9 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|----------|----------|---------|----------|----------|---------|----------|--------|---------|---------|----------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | |
| Property rates | 15 203 | 5 486 | 6 414 | 6 827 | 6 561 | 6 807 | 6 725 | 6 677 | 6 628 | 6 647 | 6 530 | 6 412 | 86 917 | 93 627 | 101 341 |
| Service charges - electricity revenue | 22 602 | 21 435 | 19 497 | 19 449 | 18 958 | 18 864 | 19 072 | 17 479 | 20 915 | 18 692 | 21 056 | 22 848 | 240 868 | 263 141 | 287 315 |
| Service charges - water revenue | 2 116 | 2 720 | 2 574 | 2 960 | 4 149 | 4 446 | 5 877 | 5 051 | 4 915 | 4 565 | 4 192 | 3 340 | 46 904 | 59 926 | 67 300 |
| Service charges - sanitation revenue | 2 290 | 2 290 | 2 297 | 2 294 | 2 299 | 2 300 | 2 300 | 2 298 | 2 299 | 2 299 | 2 298 | 2 298 | 27 562 | 28 997 | 29 884 |
| Service charges - refuse revenue | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 1 700 | 20 405 | 21 193 | 21 984 |
| Rental of facilities and equipment | 161 | 270 | 329 | 282 | 350 | 391 | 245 | 254 | 262 | 266 | 335 | 440 | 3 586 | 3 759 | 3 940 |
| Interest earned - external investments | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 17 025 | 17 300 | 17 300 | 17 300 |
| Interest earned - outstanding debtors | 131 | 127 | 126 | 163 | 129 | 114 | 126 | 118 | 110 | 112 | 128 | 99 | 1 483 | 1 495 | 1 509 |
| Fines | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 28 203 | 28 236 | 30 236 | 32 237 |
| Licences and permits | 308 | 297 | 293 | 300 | 279 | 290 | 286 | 281 | 294 | 276 | 277 | 295 | 3 475 | 3 491 | 3 509 |
| Agency services | 271 | 251 | 271 | 268 | 206 | 242 | 251 | 246 | 241 | 209 | 205 | 279 | 2 939 | 3 086 | 3 240 |
| Transfers recognised - operational | 27 390 | 1 830 | 1 837 | 4 005 | 19 613 | 1 800 | 4 005 | 1 830 | 19 583 | 1 800 | 1 800 | 17 633 | 103 126 | 113 514 | 86 829 |
| Other revenue | 739 | 1 529 | 1 115 | 1 303 | 1 321 | 1 113 | 1 095 | 929 | 1 206 | 1 158 | 1 117 | 4 240 | 16 866 | 17 303 | 17 743 |
| Gains on disposal of PPE | — | — | — | — | — | — | — | — | — | — | — | 200 | 200 | 200 | 200 |
| Total Revenue (excluding capital transfers and contributions) | 72 939 | 37 963 | 36 481 | 39 579 | 55 594 | 38 095 | 41 711 | 36 893 | 58 182 | 37 753 | 39 666 | 105 012 | 599 866 | 657 270 | 674 333 |
| Expenditure By Type | | | | | | | | | | | | | | | |
| Employee related costs | 12 093 | 12 863 | 12 885 | 12 973 | 19 638 | 13 053 | 13 029 | 12 997 | 12 917 | 12 984 | 12 886 | 27 340 | 175 658 | 183 962 | 198 062 |
| Remuneration of councillors | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 1 272 | 791 | 791 | 791 | 791 | 9 165 | 9 671 | 9 813 |
| Debt impairment | — | — | — | — | — | — | — | — | — | — | — | 17 983 | 17 983 | 19 062 | 20 206 |
| Depreciation & asset impairment | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 6 765 | 9 265 | 83 678 | 91 981 | 93 725 |
| Finance charges | 10 | 10 | 10 | 10 | 10 | 6 914 | 10 | 10 | 10 | 10 | 10 | 6 914 | 13 923 | 28 448 | 27 138 |
| Bulk purchases | 3 986 | 25 105 | 19 136 | 18 298 | 12 820 | 18 544 | 13 570 | 16 509 | 16 088 | 16 748 | 18 953 | 37 731 | 217 488 | 233 384 | 259 330 |
| Contracted services | 317 | 302 | 357 | 353 | 376 | 389 | 365 | 354 | 361 | 357 | 314 | 394 | 4 239 | 4 467 | 4 762 |
| Transfers and grants | 14 | 357 | 14 | 883 | 18 | 196 | 14 | 18 | 63 | 192 | 116 | 254 | 2 137 | 2 137 | 2 206 |
| Other expenditure | 7 693 | 8 127 | 8 127 | 8 127 | 8 127 | 8 274 | 8 121 | 8 121 | 8 122 | 8 184 | 8 122 | 27 747 | 116 894 | 116 696 | 80 807 |
| Loss on disposal of PPE | — | — | — | — | — | — | — | — | — | — | — | 2 251 | 2 251 | 2 364 | 2 482 |
| Total Expenditure | 31 552 | 54 205 | 47 969 | 48 084 | 48 429 | 54 810 | 42 550 | 46 045 | 45 117 | 46 029 | 47 957 | 130 669 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) | 41 387 | (16 242) | (11 489) | (8 504) | 7 165 | (16 715) | (839) | (9 152) | 13 065 | (8 276) | (8 292) | (25 657) | (43 550) | (34 902) | (24 199) |
| Transfers recognised - capital | 5 382 | — | 4 811 | 1 010 | 10 187 | — | 1 010 | — | 11 904 | — | — | — | 34 304 | 36 072 | 36 559 |
| Contributions recognised - capital | — | — | — | — | — | — | — | — | — | — | — | 666 | 666 | — | — |
| Surplus/(Deficit) | 46 769 | (16 242) | (6 677) | (7 494) | 17 352 | (16 715) | 171 | (9 152) | 24 968 | (8 276) | (8 292) | (24 991) | (8 580) | 1 170 | 12 360 |

MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description R thousand | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|-----------------|----------------|----------------|---------------|-----------------|---------------|----------------|---------------|----------------|----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue by Vote | | | | | | | | | | | | | | | |
| Vote 1 - Corporate Services | 3 265 | 60 | 64 | 3 275 | 58 | 62 | 3 272 | 63 | 60 | 59 | 62 | 90 | 10 390 | 7 802 | 8 454 |
| Vote 2 - Civil Services | 24 347 | 7 479 | 9 561 | 7 852 | 29 270 | 9 313 | 10 700 | 9 689 | 30 957 | 9 343 | 8 981 | 26 984 | 184 475 | 209 469 | 198 417 |
| Vote 3 - Council | 2 | 2 | 2 | 102 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 125 | 125 | 125 |
| Vote 4 - Electricity Services | 23 882 | 21 992 | 21 736 | 19 499 | 20 067 | 18 888 | 19 111 | 17 538 | 21 945 | 18 740 | 21 111 | 22 905 | 247 414 | 267 957 | 302 535 |
| Vote 5 - Financial Services | 25 970 | 5 699 | 6 627 | 7 076 | 13 583 | 7 008 | 6 938 | 6 882 | 13 630 | 6 846 | 6 745 | 23 797 | 130 803 | 144 043 | 156 103 |
| Vote 6 - Development Services | 271 | 2 177 | 2 640 | 2 211 | 2 310 | 2 284 | 2 154 | 2 186 | 2 817 | 2 272 | 2 277 | 2 703 | 26 302 | 26 196 | 5 835 |
| Vote 7 - Municipal Manager | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Protection Services | 584 | 553 | 662 | 574 | 491 | 538 | 543 | 533 | 674 | 491 | 487 | 29 196 | 35 328 | 37 749 | 39 422 |
| Total Revenue by Vote | 78 321 | 37 963 | 41 292 | 40 589 | 65 781 | 38 095 | 42 721 | 36 893 | 70 085 | 37 753 | 39 666 | 105 678 | 634 836 | 693 342 | 710 892 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | |
| Vote 1 - Corporate Services | 1 780 | 1 954 | 1 780 | 1 954 | 2 316 | 1 954 | 1 780 | 1 780 | 1 780 | 1 954 | 1 780 | 3 104 | 23 917 | 24 927 | 26 876 |
| Vote 2 - Civil Services | 13 164 | 15 798 | 15 802 | 15 901 | 19 061 | 23 471 | 16 931 | 17 273 | 16 988 | 16 917 | 17 071 | 52 227 | 240 603 | 269 700 | 252 206 |
| Vote 3 - Council | 995 | 1 165 | 997 | 1 752 | 1 001 | 1 044 | 997 | 1 597 | 1 161 | 1 176 | 1 215 | 1 382 | 14 483 | 15 276 | 15 646 |
| Vote 4 - Electricity Services | 7 556 | 26 698 | 20 754 | 19 821 | 14 789 | 19 611 | 14 106 | 16 698 | 16 542 | 17 348 | 19 288 | 38 659 | 231 871 | 253 188 | 277 877 |
| Vote 5 - Financial Services | 2 133 | 2 365 | 2 408 | 2 390 | 3 278 | 2 417 | 2 391 | 2 390 | 2 400 | 2 389 | 2 364 | 11 977 | 38 901 | 40 700 | 44 674 |
| Vote 6 - Development Services | 3 122 | 3 145 | 3 144 | 3 143 | 3 733 | 3 144 | 3 141 | 3 142 | 3 142 | 3 145 | 3 143 | 4 307 | 39 452 | 32 099 | 21 236 |
| Vote 7 - Municipal Manager | 510 | 510 | 510 | 510 | 631 | 510 | 510 | 510 | 510 | 510 | 510 | 829 | 6 562 | 5 916 | 6 348 |
| Vote 8 - Protection Services | 2 292 | 2 570 | 2 574 | 2 613 | 3 618 | 2 658 | 2 694 | 2 654 | 2 594 | 2 590 | 2 587 | 18 183 | 47 628 | 50 366 | 53 668 |
| Total Expenditure by Vote | 31 552 | 54 205 | 47 969 | 48 084 | 48 429 | 54 810 | 42 550 | 46 045 | 45 117 | 46 029 | 47 957 | 130 669 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) | 46 769 | (16 242) | (6 677) | (7 494) | 17 352 | (16 715) | 171 | (9 152) | 24 968 | (8 276) | (8 292) | (24 991) | (8 580) | 1 170 | 12 360 |

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|-----------------|----------------|----------------|---------------|-----------------|---------------|----------------|---------------|----------------|----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Revenue - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 26 042 | 5 775 | 6 700 | 7 249 | 13 656 | 7 081 | 7 011 | 6 953 | 13 735 | 6 919 | 6 818 | 26 973 | 134 910 | 148 118 | 160 227 |
| Executive and council | 2 | 2 | 2 | 102 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 125 | 125 | 125 |
| Budget and treasury office | 25 970 | 5 699 | 6 627 | 7 076 | 13 583 | 7 008 | 6 938 | 6 882 | 13 630 | 6 846 | 6 745 | 23 797 | 130 803 | 144 043 | 156 103 |
| Corporate services | 70 | 73 | 71 | 71 | 70 | 71 | 70 | 69 | 102 | 71 | 71 | 3 174 | 3 982 | 3 950 | 3 999 |
| Community and public safety | 5 087 | 2 138 | 4 717 | 5 338 | 6 535 | 2 231 | 5 301 | 2 126 | 9 223 | 2 106 | 2 195 | 31 484 | 78 480 | 73 752 | 52 513 |
| Community and social services | 3 279 | 104 | 505 | 3 289 | 103 | 76 | 3 287 | 108 | 635 | 73 | 76 | 104 | 11 640 | 16 700 | 8 559 |
| Sport and recreation | 1 788 | 213 | 2 300 | 228 | 4 591 | 335 | 193 | 198 | 6 635 | 212 | 278 | 744 | 17 716 | 13 669 | 11 071 |
| Public safety | 5 | 5 | 97 | 5 | 5 | 5 | 5 | 5 | 137 | 5 | 5 | 28 621 | 28 896 | 31 155 | 32 655 |
| Housing | 16 | 1 816 | 1 816 | 1 816 | 1 836 | 1 816 | 1 816 | 1 816 | 1 816 | 1 816 | 1 835 | 2 016 | 20 228 | 12 228 | 228 |
| Economic and environmental services | 1 804 | 700 | 927 | 770 | 3 378 | 701 | 722 | 704 | 3 070 | 764 | 680 | 16 061 | 30 281 | 34 084 | 9 511 |
| Planning and development | 161 | 142 | 152 | 191 | 171 | 158 | 174 | 167 | 289 | 268 | 188 | 407 | 2 469 | 2 528 | 2 633 |
| Road transport | 1 643 | 558 | 775 | 579 | 3 207 | 543 | 548 | 538 | 2 780 | 496 | 492 | 15 654 | 27 813 | 31 556 | 6 879 |
| Trading services | 45 386 | 29 348 | 28 947 | 27 230 | 42 210 | 28 080 | 29 686 | 27 107 | 44 055 | 27 962 | 29 972 | 31 158 | 391 142 | 437 363 | 488 416 |
| Electricity | 23 882 | 21 992 | 21 736 | 19 499 | 20 067 | 18 888 | 19 111 | 17 538 | 21 945 | 18 740 | 21 111 | 22 905 | 247 414 | 267 957 | 302 535 |
| Water | 5 551 | 2 846 | 2 701 | 3 086 | 8 622 | 4 572 | 6 003 | 5 178 | 8 743 | 4 691 | 4 318 | 3 466 | 59 776 | 70 469 | 87 306 |
| Waste water management | 9 750 | 2 670 | 2 671 | 2 806 | 8 410 | 2 781 | 2 733 | 2 553 | 8 256 | 2 692 | 2 703 | 2 708 | 50 734 | 63 996 | 61 554 |
| Waste management | 6 203 | 1 839 | 1 839 | 1 839 | 5 112 | 1 839 | 1 839 | 1 839 | 5 112 | 1 839 | 1 839 | 2 079 | 33 218 | 34 940 | 37 019 |
| Other | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 23 | 25 | 225 |
| Total Revenue - Standard | 78 321 | 37 963 | 41 292 | 40 589 | 65 781 | 38 095 | 42 721 | 36 893 | 70 085 | 37 753 | 39 666 | 105 678 | 634 836 | 693 342 | 710 892 |
| | | 60 203 | 63 687 | 63 671 | 86 124 | 57 219 | 65 294 | 54 707 | 92 956 | 56 836 | 61 043 | | | | |
| Expenditure - Standard | | | | | | | | | | | | | | | |
| Governance and administration | 5 555 | 5 985 | 5 868 | 6 600 | 7 260 | 6 331 | 5 841 | 6 445 | 6 011 | 6 014 | 6 030 | 27 449 | 95 388 | 94 643 | 100 910 |
| Executive and council | 1 505 | 1 676 | 1 507 | 2 262 | 1 632 | 1 555 | 1 507 | 2 108 | 1 671 | 1 686 | 1 725 | 2 211 | 21 045 | 21 192 | 21 993 |
| Budget and treasury office | 2 133 | 2 365 | 2 408 | 2 390 | 3 278 | 2 417 | 2 391 | 2 390 | 2 400 | 2 389 | 2 364 | 11 977 | 38 901 | 40 700 | 44 674 |
| Corporate services | 1 916 | 1 945 | 1 952 | 1 948 | 2 350 | 2 359 | 1 943 | 1 947 | 1 940 | 1 939 | 1 941 | 13 260 | 35 442 | 32 750 | 34 242 |
| Community and public safety | 6 526 | 6 868 | 6 878 | 6 908 | 8 798 | 7 024 | 6 998 | 6 978 | 6 893 | 6 901 | 6 883 | 23 585 | 101 241 | 96 017 | 90 267 |
| Community and social services | 1 369 | 1 383 | 1 380 | 1 379 | 1 818 | 1 378 | 1 374 | 1 378 | 1 375 | 1 379 | 1 376 | 2 172 | 17 762 | 18 586 | 19 843 |
| Sport and recreation | 1 588 | 1 639 | 1 646 | 1 640 | 2 297 | 1 711 | 1 653 | 1 670 | 1 647 | 1 656 | 1 643 | 2 502 | 21 291 | 21 107 | 22 868 |
| Public safety | 1 744 | 2 021 | 2 025 | 2 064 | 2 803 | 2 109 | 2 145 | 2 105 | 2 045 | 2 041 | 2 038 | 16 882 | 40 023 | 42 143 | 45 273 |
| Housing | 1 825 | 1 825 | 1 827 | 1 825 | 1 879 | 1 825 | 1 826 | 1 825 | 1 825 | 1 825 | 1 825 | 2 029 | 22 165 | 14 181 | 2 283 |
| Economic and environmental services | 5 327 | 5 410 | 5 414 | 5 413 | 6 661 | 5 788 | 5 403 | 5 408 | 5 405 | 5 469 | 5 410 | 27 900 | 89 008 | 100 595 | 74 277 |
| Planning and development | 964 | 964 | 964 | 964 | 1 268 | 964 | 964 | 964 | 964 | 964 | 964 | 1 714 | 12 620 | 12 759 | 13 559 |
| Road transport | 4 363 | 4 446 | 4 450 | 4 449 | 5 393 | 4 824 | 4 439 | 4 444 | 4 441 | 4 505 | 4 447 | 26 186 | 76 388 | 87 836 | 60 718 |
| Trading services | 14 104 | 35 726 | 29 769 | 28 948 | 25 648 | 35 451 | 24 266 | 27 173 | 26 767 | 27 430 | 29 592 | 51 603 | 356 476 | 399 589 | 431 626 |
| Electricity | 7 556 | 26 698 | 20 754 | 19 821 | 14 789 | 19 611 | 14 106 | 16 698 | 16 542 | 17 348 | 19 288 | 28 741 | 221 952 | 243 254 | 267 155 |
| Water | 1 951 | 4 133 | 4 097 | 4 205 | 4 948 | 5 106 | 5 234 | 5 558 | 5 314 | 5 158 | 5 382 | 8 482 | 59 569 | 78 529 | 83 483 |
| Waste water management | 2 436 | 2 664 | 2 676 | 2 667 | 2 986 | 8 467 | 2 658 | 2 660 | 2 655 | 2 663 | 2 679 | 10 223 | 45 432 | 46 397 | 47 387 |
| Waste management | 2 162 | 2 231 | 2 241 | 2 255 | 2 924 | 2 267 | 2 268 | 2 257 | 2 256 | 2 260 | 2 243 | 4 157 | 29 522 | 31 409 | 33 600 |
| Other | 41 | 215 | 41 | 215 | 62 | 215 | 41 | 41 | 41 | 215 | 41 | 132 | 1 303 | 1 328 | 1 452 |
| Total Expenditure - Standard | 31 552 | 54 205 | 47 969 | 48 084 | 48 429 | 54 810 | 42 550 | 46 045 | 45 117 | 46 029 | 47 957 | 130 669 | 643 416 | 692 172 | 698 532 |
| Surplus/(Deficit) | 46 769 | (16 242) | (6 677) | (7 494) | 17 352 | (16 715) | 171 | (9 152) | 24 968 | (8 276) | (8 292) | (24 991) | (8 580) | 1 170 | 12 360 |

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | | | | |
| <u>Multi-year expenditure to be appropriated</u> | | | | | | | | | | | | | | | |
| Vote 1 - Corporate Services | 500 | 500 | 500 | 500 | 500 | 500 | - | - | - | - | - | - | 3 000 | - | - |
| Vote 2 - Civil Services | - | - | - | 500 | 500 | 500 | 200 | 600 | 850 | 100 | 1 500 | 1 500 | 6 250 | 39 815 | 100 843 |
| Vote 3 - Council | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Electricity Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Financial Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Development Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Municipal Manager | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Protection Services | - | - | - | 25 | 25 | - | - | 100 | - | 75 | - | - | 225 | 900 | 400 |
| Capital multi-year expenditure sub-total | 500 | 500 | 500 | 1 025 | 1 025 | 1 000 | 200 | 700 | 850 | 175 | 1 500 | 1 500 | 9 475 | 40 715 | 101 243 |
| <u>Single-year expenditure to be appropriated</u> | | | | | | | | | | | | | | | |
| Vote 1 - Corporate Services | 4 | 4 | 4 | 4 | 4 | 34 | 4 | 4 | 4 | 4 | 4 | 1 004 | 1 075 | 247 | 450 |
| Vote 2 - Civil Services | 2 705 | 3 805 | 3 882 | 6 570 | 8 140 | 4 000 | 3 151 | 7 228 | 6 661 | 1 655 | 1 508 | 1 471 | 50 779 | 27 598 | 23 032 |
| Vote 3 - Council | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 74 | 805 | 806 | 806 |
| Vote 4 - Electricity Services | 125 | 135 | 135 | 334 | 135 | 135 | 2 035 | 4 155 | 237 | 135 | 780 | 110 | 8 456 | 9 230 | 19 352 |
| Vote 5 - Financial Services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 15 | 536 | 1 187 |
| Vote 6 - Development Services | 476 | 506 | 956 | 456 | 356 | 206 | 206 | 206 | 206 | 206 | 206 | 56 | 4 044 | 10 762 | 1 064 |
| Vote 7 - Municipal Manager | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 6 | 6 |
| Vote 8 - Protection Services | 8 | 8 | 8 | 208 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 291 | 2 216 | 1 313 |
| Capital single-year expenditure sub-total | 3 386 | 4 526 | 5 054 | 7 640 | 8 711 | 4 451 | 5 472 | 11 669 | 7 184 | 2 076 | 2 574 | 2 724 | 65 470 | 51 400 | 47 208 |
| Total Capital Expenditure | 3 886 | 5 026 | 5 554 | 8 665 | 9 736 | 5 451 | 5 672 | 12 369 | 8 034 | 2 251 | 4 074 | 4 224 | 74 945 | 92 115 | 148 450 |

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---|------------------------|------------------------|
| | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | | | | | | | | |
| Capital Expenditure - Standard | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | 571 | 571 | 571 | 571 | 571 | 601 | 71 | 71 | 71 | 71 | 71 | 1 079 | 4 890 | 3 283 | 2 438 |
| Executive and council | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 75 | 810 | 811 | 812 |
| Budget and treasury office | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 15 | 536 | 1 187 |
| Corporate services | 503 | 503 | 503 | 503 | 503 | 533 | 3 | 3 | 3 | 3 | 3 | 1 003 | 4 065 | 1 936 | 440 |
| <i>Community and public safety</i> | 786 | 1 616 | 2 566 | 3 151 | 2 901 | 1 676 | 1 576 | 2 025 | 2 216 | 1 791 | 1 719 | 366 | 22 392 | 25 298 | 11 237 |
| Community and social services | 9 | 309 | 259 | 259 | 159 | 9 | 109 | 109 | 159 | 109 | 59 | 8 | 1 554 | 11 074 | 1 097 |
| Sport and recreation | 300 | 1 100 | 1 600 | 2 460 | 2 510 | 1 460 | 1 260 | 1 609 | 1 850 | 1 400 | 1 453 | 300 | 17 302 | 11 108 | 8 428 |
| Public safety | 8 | 8 | 8 | 233 | 33 | 8 | 8 | 108 | 8 | 83 | 8 | 8 | 516 | 3 116 | 1 713 |
| Housing | 470 | 200 | 700 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 50 | 3 020 | – | – |
| <i>Economic and environmental services</i> | 400 | 700 | 1 200 | 3 200 | 3 210 | 1 620 | 1 510 | 3 670 | 2 129 | 100 | – | 1 166 | 18 905 | 14 128 | 11 023 |
| Planning and development | – | – | – | – | – | 10 | 10 | 10 | 10 | – | – | – | 40 | 42 | 44 |
| Road transport | 400 | 700 | 1 200 | 3 200 | 3 210 | 1 610 | 1 500 | 3 660 | 2 119 | 100 | – | 1 166 | 18 865 | 14 086 | 10 979 |
| <i>Trading services</i> | 2 129 | 2 139 | 1 216 | 1 743 | 3 054 | 1 554 | 2 515 | 6 603 | 3 618 | 289 | 2 284 | 1 614 | 28 758 | 49 406 | 123 752 |
| Electricity | 125 | 135 | 135 | 334 | 135 | 135 | 2 035 | 4 155 | 237 | 135 | 780 | 110 | 8 456 | 9 230 | 19 352 |
| Water | 2 000 | 2 000 | 1 077 | 900 | 910 | 810 | 176 | 1 744 | 158 | 150 | – | – | 9 925 | 19 304 | 81 514 |
| Waste water management | – | – | – | 505 | 505 | 605 | 300 | 700 | 3 220 | – | 1 500 | 1 500 | 8 834 | 20 356 | 20 388 |
| Waste management | 4 | 4 | 4 | 4 | 1 504 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 1 543 | 516 | 2 498 |
| Total Capital Expenditure - Standard | 3 886 | 5 026 | 5 554 | 8 665 | 9 736 | 5 451 | 5 672 | 12 369 | 8 034 | 2 251 | 4 074 | 4 224 | 74 945 | 92 115 | 148 450 |
| Funded by: | | | | | | | | | | | | | | | |
| National Government | 2 450 | 3 200 | 2 977 | 2 900 | 2 900 | 1 900 | 1 200 | 3 119 | 1 550 | 1 300 | 1 403 | 50 | 24 949 | 21 722 | 32 759 |
| Provincial Government | 600 | 1 300 | 1 450 | 1 475 | 1 375 | 830 | 200 | 400 | 700 | 475 | 250 | 300 | 9 355 | 14 350 | 3 800 |
| Transfers recognised - capital | 3 050 | 4 500 | 4 427 | 4 375 | 4 275 | 2 730 | 1 400 | 3 519 | 2 250 | 1 775 | 1 653 | 350 | 34 304 | 36 072 | 36 559 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – | – | 666 | 666 | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – | – | – | – | 15 000 | 68 227 |
| Internally generated funds | 836 | 526 | 1 126 | 4 290 | 5 461 | 2 721 | 4 272 | 8 850 | 5 784 | 476 | 2 421 | 3 208 | 39 975 | 41 043 | 43 664 |
| Total Capital Funding | 3 886 | 5 026 | 5 554 | 8 665 | 9 736 | 5 451 | 5 672 | 12 369 | 8 034 | 2 251 | 4 074 | 4 224 | 74 945 | 92 115 | 148 450 |

MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2016/17 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|-----------------|----------------|----------------|---------------|-----------------|---------------|-----------------|---------------|----------------|----------------|-----------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| Cash Receipts By Source | | | | | | | | | | | | | | | |
| Property rates | 14 769 | 5 329 | 6 232 | 6 632 | 6 374 | 6 613 | 6 533 | 6 487 | 6 439 | 6 457 | 6 344 | 6 229 | 84 440 | 90 958 | 98 453 |
| Service charges - electricity revenue | 21 958 | 20 825 | 18 942 | 18 895 | 18 418 | 18 326 | 18 528 | 16 981 | 20 319 | 18 160 | 20 456 | 22 197 | 234 003 | 255 642 | 279 127 |
| Service charges - water revenue | 2 056 | 2 643 | 2 501 | 2 875 | 4 031 | 4 319 | 5 709 | 4 907 | 4 775 | 4 435 | 4 072 | 3 244 | 45 567 | 58 218 | 65 382 |
| Service charges - sanitation revenue | 2 224 | 2 224 | 2 231 | 2 229 | 2 233 | 2 234 | 2 234 | 2 233 | 2 234 | 2 234 | 2 233 | 2 233 | 26 777 | 28 170 | 29 032 |
| Service charges - refuse revenue | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 1 652 | 19 823 | 20 589 | 21 358 |
| Rental of facilities and equipment | 157 | 262 | 319 | 274 | 340 | 380 | 238 | 246 | 255 | 258 | 326 | 428 | 3 484 | 3 652 | 3 828 |
| Interest earned - external investments | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 17 025 | 17 300 | 17 300 | 17 300 |
| Interest earned - outstanding debtors | 127 | 123 | 122 | 158 | 125 | 111 | 123 | 115 | 107 | 109 | 124 | 96 | 1 440 | 1 453 | 1 466 |
| Fines | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 462 | 6 469 | 6 928 | 7 386 |
| Licences and permits | 308 | 297 | 293 | 300 | 279 | 290 | 286 | 281 | 294 | 276 | 277 | 295 | 3 475 | 3 491 | 3 509 |
| Agency services | 271 | 263 | 299 | – | – | – | – | – | – | – | – | 2 106 | 2 939 | 3 086 | 3 240 |
| Transfer receipts - operational | 29 321 | 1 959 | 1 967 | 4 288 | 20 995 | 1 927 | 4 288 | 1 959 | 20 963 | 1 927 | 1 927 | 18 876 | 110 396 | 146 779 | 136 439 |
| Other revenue | 739 | 1 529 | 1 115 | 1 303 | 1 321 | 1 113 | 1 095 | 929 | 1 206 | 1 158 | 1 117 | 4 240 | 16 866 | 17 303 | 17 743 |
| Cash Receipts by Source | 73 608 | 37 132 | 35 697 | 38 632 | 55 795 | 36 991 | 40 713 | 35 817 | 58 269 | 36 691 | 38 553 | 85 083 | 572 980 | 653 570 | 684 264 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | 6 187 | – | 5 531 | 1 161 | 11 710 | – | 1 161 | – | 13 683 | – | – | – | 39 433 | 34 072 | 36 259 |
| Proceeds on disposal of PPE | – | – | – | – | – | – | – | – | – | – | – | 200 | 200 | 200 | 200 |
| Borrowing long term/refinancing | – | – | – | – | – | – | – | – | – | – | – | – | – | 83 227 | – |
| Increase (decrease) in consumer deposits | – | – | – | – | – | – | – | – | – | – | – | 570 | 570 | 604 | 640 |
| Decrease (Increase) in non-current debtors | – | – | – | – | – | – | – | – | – | – | – | 21 | 21 | 21 | 21 |
| Total Cash Receipts by Source | 79 795 | 37 132 | 41 228 | 39 793 | 67 505 | 36 991 | 41 874 | 35 817 | 71 952 | 36 691 | 38 553 | 85 874 | 613 204 | 771 695 | 721 385 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 11 642 | 12 383 | 12 405 | 12 489 | 18 906 | 12 566 | 12 543 | 12 512 | 12 435 | 12 499 | 12 405 | 26 320 | 169 105 | 176 424 | 192 734 |
| Remuneration of councillors | 676 | 676 | 676 | 676 | 676 | 676 | 676 | 1 272 | 791 | 791 | 791 | 791 | 9 165 | 9 671 | 9 813 |
| Finance charges | 10 | 10 | 10 | 10 | 10 | 6 914 | 10 | 10 | 10 | 10 | 10 | 6 914 | 13 923 | 28 448 | 27 138 |
| Bulk purchases - Electricity | 3 317 | 20 895 | 15 927 | 15 229 | 10 670 | 15 434 | 11 295 | 13 740 | 13 390 | 13 939 | 15 775 | 31 403 | 181 013 | 204 438 | 230 368 |
| Bulk purchases - Water & Sewer | 564 | 3 550 | 2 706 | 2 588 | 1 813 | 2 623 | 1 919 | 2 335 | 2 275 | 2 368 | 2 680 | 5 336 | 30 758 | 26 785 | 30 457 |
| Contracted services | 309 | 294 | 348 | 344 | 366 | 378 | 356 | 344 | 352 | 347 | 306 | 384 | 4 128 | 4 426 | 4 790 |
| Transfers and grants - other | 14 | 357 | 14 | 883 | 18 | 196 | 14 | 18 | 63 | 192 | 116 | 254 | 2 137 | 2 137 | 2 206 |
| Other expenditure | 7 491 | 7 914 | 7 914 | 7 914 | 7 914 | 8 057 | 7 908 | 7 908 | 7 909 | 7 969 | 7 908 | 27 017 | 113 821 | 115 616 | 81 273 |
| Cash Payments by Type | 24 021 | 46 078 | 39 998 | 40 131 | 40 371 | 46 843 | 34 719 | 38 139 | 37 224 | 38 115 | 39 992 | 98 418 | 524 051 | 567 944 | 578 779 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 3 886 | 5 026 | 5 554 | 8 665 | 9 736 | 5 451 | 5 672 | 12 369 | 8 034 | 2 251 | 4 074 | 4 224 | 74 945 | 92 115 | 148 450 |
| Repayment of borrowing | – | – | – | – | – | 2 516 | – | – | – | – | – | 2 516 | 5 032 | 8 026 | 10 126 |
| Total Cash Payments by Type | 27 908 | 51 105 | 45 551 | 48 797 | 50 107 | 54 810 | 40 392 | 50 508 | 45 259 | 40 366 | 44 066 | 105 159 | 604 028 | 668 084 | 737 356 |
| NET INCREASE/(DECREASE) IN CASH HELD | 51 887 | (13 973) | (4 324) | (9 004) | 17 398 | (17 819) | 1 482 | (14 691) | 26 693 | (3 675) | (5 513) | (19 285) | 9 176 | 103 610 | (15 971) |
| Cash/cash equivalents at the month/year begin: | 232 537 | 284 425 | 270 452 | 266 128 | 257 125 | 274 522 | 256 703 | 258 185 | 243 494 | 270 187 | 266 512 | 260 999 | 232 537 | 241 714 | 345 324 |
| Cash/cash equivalents at the month/year end: | 284 425 | 270 452 | 266 128 | 257 125 | 274 522 | 256 703 | 258 185 | 243 494 | 270 187 | 266 512 | 260 999 | 241 714 | 241 714 | 345 324 | 329 353 |

2.10 External Mechanisms

The following external mechanism is currently utilised at the municipality:

| External mechanism | Yrs/ Mths | Period of agreement | Service provided | Monetary value of agreement |
|----------------------------------|--------------|------------------------|---|-----------------------------------|
| Name of organisation | | Number | | R thousand |
| Cleaning Public Open Spaces | Yrs | 3 | FV Mitchell | 635 |
| Highlands Refuse Dump: Recycling | Yrs | 11 | Hein Baumgarten | 168 |
| Refuse Removal: RCK | Yrs | 3 | Burton Niemand | 409 |
| Sweeping of Streets | Yrs | 3 | Tshayela Projects cc | 2 339 |
| Cleaning Services | Yrs | 3 | Pro-Lux Construction & Cleaning Company | 151 |
| Printing of Accounts | Yrs | 3 | CAB Holdings | 315 |

2.11 Contracts having future budgetary implications

The following contracts have future budgetary implications:

| Description | Current Year 2015/16 | 2016/17 Medium Term Revenue & Expenditure Framework | | | Forecast 2019/20 | Forecast 2020/21 | Forecast 2021/22 | Forecast 2022/23 | Forecast 2023/24 | Forecast 2024/25 | Forecast 2025/26 | Total Contract Value |
|--|-------------------------|--|---------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| R thousand | Original Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate |
| Revenue Obligation By Contract | | | | | | | | | | | | |
| National Sea Rescue Institute (NSRI) | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 18.00 | 0 |
| Fire Services | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 0 |
| Total Operating Revenue Implication | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditure Obligation By Contract | | | | | | | | | | | | |
| Cleaning Public Open Spaces | 510 | 635 | 667 | 700 | 735 | 772 | 810 | 851 | 894 | 938 | 985 | 8 497 |
| Highlands Refuse Dump: Recycling | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 1 848 |
| Refuse Removal: RCK | 384 | 409 | 438 | 468 | 501 | 536 | 573 | 614 | 657 | 703 | 752 | 6 033 |
| Sweeping of Streets | 2 158 | 2 339 | 2 514 | 2 703 | 2 906 | 3 124 | 3 358 | 3 610 | 3 881 | 4 172 | 4 484 | 35 249 |
| Cleaning Services | 140 | 151 | 163 | 176 | 190 | 190 | 190 | 190 | 190 | 190 | 190 | 1 964 |
| Printing of Accounts | 300 | 315 | 331 | 347 | 365 | 383 | 402 | 422 | 443 | 465 | 489 | 4 262 |
| Total Operating Expenditure Implication | 3 660 | 4 017 | 4 281 | 4 563 | 4 865 | 5 173 | 5 502 | 5 855 | 6 232 | 6 636 | 7 068 | 57 853 |
| Total Parent Expenditure Implication | 3 660 | 4 017 | 4 281 | 4 563 | 4 865 | 5 173 | 5 502 | 5 855 | 6 232 | 6 636 | 7 068 | 57 853 |

2.12 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.

MBRR SA34a - Capital expenditure on new assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| <u>Capital expenditure on new assets by Asset Class/Sub-class</u> | | | | | | | | |
| <u>Infrastructure</u> | 4 817 | 20 156 | 26 700 | 31 179 | 39 876 | 8 503 | 14 515 | 28 050 |
| Infrastructure - Road transport | 2 350 | 9 138 | 6 146 | 17 649 | 17 000 | - | - | - |
| Roads, Pavements & Bridges | - | 473 | 1 172 | 7 449 | 3 806 | - | - | - |
| Storm water | 2 350 | 8 665 | 4 974 | 10 200 | 13 193 | - | - | - |
| Infrastructure - Electricity | - | 5 000 | 14 102 | 4 700 | 2 600 | 2 100 | - | 10 000 |
| Generation | - | 5 000 | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | 14 102 | 4 700 | 2 600 | 2 100 | - | 10 000 |
| Infrastructure - Water | 1 129 | 3 659 | 3 850 | 5 280 | 10 587 | 6 153 | 4 265 | 13 180 |
| Dams & Reservoirs | 179 | 2 551 | 666 | 5 280 | 3 519 | 300 | 500 | 9 680 |
| Reticulation Water | 949 | 1 109 | 3 184 | - | 7 068 | 5 853 | 3 765 | 3 500 |
| Infrastructure - Sanitation | 1 338 | 2 359 | 2 603 | 3 550 | 9 689 | 250 | 10 250 | 4 870 |
| Reticulation Sanitation | 1 338 | 2 359 | 2 603 | 3 550 | 9 689 | 250 | 10 250 | 4 870 |
| <u>Community</u> | 383 | - | 198 | 11 823 | 4 376 | 21 333 | 23 337 | 8 909 |
| Parks & gardens | - | - | - | 1 500 | 300 | 4 950 | 3 450 | 3 200 |
| Sports fields & stadia | 383 | - | 198 | 3 317 | 1 130 | 11 003 | 7 207 | 4 709 |
| Community halls | - | - | - | - | - | - | 1 700 | - |
| Libraries | - | - | - | 2 355 | 2 355 | 3 030 | - | - |
| Recreational facilities | - | - | - | - | - | 900 | - | - |
| Cemeteries | - | - | - | - | 490 | 500 | 280 | - |
| Other Community | - | - | - | 4 650 | 100 | 950 | 10 700 | 1 000 |
| <u>Investment properties</u> | 1 195 | - | - | - | - | - | - | - |
| Housing development | 1 195 | - | - | - | - | - | - | - |
| <u>Other assets</u> | 4 642 | 9 201 | 6 789 | 10 690 | 7 875 | 6 490 | 4 133 | 3 916 |
| General vehicles | - | 87 | 192 | - | - | - | - | - |
| Specialised vehicles | - | 2 935 | - | - | - | - | - | - |
| Plant & equipment | - | - | 415 | - | - | - | - | - |
| Computers - hardware/equipment | 11 | 1 146 | 2 163 | 600 | 657 | 951 | 100 | 1 427 |
| Furniture and other office equipment | 2 490 | 1 295 | 1 284 | 790 | 798 | 828 | 833 | 889 |
| Other Buildings | 639 | 272 | 163 | - | - | - | - | - |
| Other Land | 1 278 | - | 439 | 8 500 | 1 250 | 1 300 | - | - |
| Other -Other Assets | 225 | 3 467 | 2 134 | 800 | 5 169 | 3 411 | 3 200 | 1 600 |
| Total Capital Expenditure on new assets | 11 037 | 29 356 | 33 687 | 53 691 | 52 126 | 36 326 | 41 985 | 40 875 |

MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | |
| Infrastructure | 66 164 | 50 260 | 55 002 | 37 602 | 30 057 | 32 119 | 44 705 | 101 518 |
| Infrastructure - Road transport | 11 305 | 8 325 | 9 869 | 24 910 | 18 297 | 17 100 | 11 840 | 10 925 |
| Roads, Pavements & Bridges | 10 405 | 7 675 | 9 369 | 24 610 | 17 997 | 16 000 | 11 000 | 10 000 |
| Storm water | 900 | 650 | 500 | 300 | 300 | 1 100 | 840 | 925 |
| Infrastructure - Electricity | 15 253 | 5 186 | 4 333 | 6 200 | 6 200 | 7 000 | 7 800 | 7 000 |
| Generation | 15 253 | 5 186 | - | - | - | - | - | - |
| Transmission & Reticulation | - | - | 4 333 | 6 200 | 6 200 | 7 000 | 7 800 | 7 000 |
| Infrastructure - Water | 8 845 | 2 613 | - | 2 832 | - | 2 519 | 15 000 | 68 293 |
| Dams & Reservoirs | 3 463 | 649 | - | 270 | - | - | - | - |
| Reticulation Water | 5 381 | 1 964 | - | 2 562 | - | 2 519 | 15 000 | 68 293 |
| Infrastructure - Sanitation | 30 561 | 34 137 | 40 799 | 3 660 | 5 560 | 5 500 | 10 065 | 15 300 |
| Reticulation Sanitation | 30 561 | 34 137 | 40 799 | 3 660 | 5 560 | 5 500 | 10 065 | 15 300 |
| Infrastructure - Other | 200 | - | - | - | - | - | - | - |
| Waste Management | 200 | - | - | - | - | - | - | - |
| Community | 1 618 | 989 | 787 | - | - | - | - | - |
| Sports fields & stadia | 688 | 989 | 595 | - | - | - | - | - |
| Cemeteries | 377 | - | 193 | - | - | - | - | - |
| Other Community | 553 | - | - | - | - | - | - | - |
| Other assets | 8 009 | 4 848 | 6 658 | 1 592 | 1 518 | 6 500 | 5 425 | 6 058 |
| General vehicles | 6 853 | 3 531 | 5 618 | 560 | 1 316 | 6 330 | 4 785 | 5 953 |
| Plant & equipment | - | 40 | - | - | - | - | - | - |
| Computers - hardware/equipment | - | 764 | - | 30 | - | - | 500 | - |
| Furniture and other office equipment | - | 52 | - | - | - | - | - | - |
| Other Buildings | 400 | - | - | - | - | - | - | - |
| Other -Other Assets | 756 | 461 | 1 040 | 1 002 | 202 | 170 | 140 | 105 |
| Total Capital Expenditure on renewal of existing assets | 75 791 | 56 097 | 62 447 | 39 194 | 31 575 | 38 619 | 50 130 | 107 575 |

MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| <u>Repairs and maintenance expenditure by Asset Class/Sub-class</u> | | | | | | | | |
| <u>Infrastructure</u> | 10 334 | 10 631 | 11 644 | 11 626 | 25 456 | 32 642 | 42 188 | 13 736 |
| Infrastructure - Road transport | 3 387 | 3 406 | 4 591 | 3 561 | 17 410 | 23 551 | 32 861 | 3 950 |
| Roads, Pavements & Bridges | 272 | 253 | 1 335 | 291 | 14 040 | 19 931 | 29 346 | 337 |
| Storm water | 3 115 | 3 153 | 3 256 | 3 270 | 3 370 | 3 620 | 3 515 | 3 613 |
| Infrastructure - Electricity | 1 079 | 934 | 1 108 | 1 011 | 1 011 | 1 224 | 1 284 | 1 346 |
| Transmission & Reticulation | 679 | 646 | 723 | 721 | 721 | 771 | 809 | 847 |
| Street Lighting | 400 | 289 | 385 | 290 | 290 | 453 | 475 | 499 |
| Infrastructure - Water | 827 | 924 | 792 | 957 | 957 | 1 179 | 1 132 | 1 186 |
| Reticulation Water | 827 | 924 | 792 | 957 | 957 | 1 179 | 1 132 | 1 186 |
| Infrastructure - Sanitation | 1 587 | 1 494 | 1 638 | 1 617 | 1 598 | 1 983 | 1 972 | 2 066 |
| Reticulation Sewerage | 1 587 | 1 494 | 1 638 | 1 617 | 1 598 | 1 983 | 1 972 | 2 066 |
| Infrastructure - Other | 3 453 | 3 872 | 3 516 | 4 481 | 4 481 | 4 705 | 4 940 | 5 187 |
| Waste Management | 3 453 | 3 872 | 3 516 | 4 481 | 4 481 | 4 705 | 4 940 | 5 187 |
| <u>Community</u> | 656 | 642 | 1 438 | 653 | 653 | 1 960 | 791 | 826 |
| Sportsfields & stadia | 276 | 263 | 374 | 250 | 250 | 305 | 320 | 336 |
| Swimming pools | 85 | 166 | 726 | 100 | 100 | 113 | 119 | 124 |
| Recreational facilities | 166 | 114 | 157 | 194 | 194 | 1 406 | 232 | 241 |
| Fire, safety & emergency | 7 | 13 | 33 | 17 | 17 | 20 | 21 | 22 |
| Cemeteries | 96 | 46 | 71 | 62 | 62 | 65 | 68 | 72 |
| Social rental housing | 26 | 40 | 78 | 30 | 30 | 50 | 30 | 30 |
| <u>Other assets</u> | 4 706 | 5 757 | 6 569 | 8 279 | 8 379 | 12 267 | 9 690 | 10 402 |
| General vehicles | 2 073 | 2 737 | 3 493 | 4 725 | 4 725 | 4 766 | 5 799 | 6 278 |
| Plant & equipment | 566 | 690 | 852 | 933 | 933 | 921 | 987 | 1 078 |
| Furniture and other office equipment | 374 | 358 | 383 | 581 | 581 | 1 004 | 635 | 667 |
| Other Buildings | 1 692 | 1 971 | 1 840 | 2 040 | 2 140 | 5 576 | 2 269 | 2 378 |
| Total Repairs and Maintenance Expenditure | 15 696 | 17 030 | 19 651 | 20 559 | 34 488 | 46 868 | 52 669 | 24 963 |

MBRR SA34d - Depreciation by asset class

| Description | 2012/13 | 2013/14 | 2014/15 | Current Year 2015/16 | | 2016/17 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2016/17 | Budget Year +1 2017/18 | Budget Year +2 2018/19 |
| R thousand | | | | | | | | |
| <u>Depreciation by Asset Class/Sub-class</u> | | | | | | | | |
| <u>Infrastructure</u> | 56 593 | 54 331 | 60 310 | 64 949 | 64 949 | 65 842 | 74 226 | 75 009 |
| Infrastructure - Road transport | 25 015 | 24 949 | 25 727 | 28 427 | 28 427 | 29 629 | 29 853 | 29 778 |
| Roads, Pavements & Bridges | 25 015 | 24 949 | 25 727 | 28 412 | 28 412 | 26 190 | 26 417 | 26 158 |
| Storm water | - | - | - | 16 | 16 | 3 439 | 3 436 | 3 620 |
| Infrastructure - Electricity | 11 402 | 11 124 | 11 329 | 12 313 | 12 313 | 12 448 | 12 889 | 12 666 |
| Generation | 11 402 | 11 124 | 11 329 | 4 413 | 4 413 | - | - | - |
| Transmission & Reticulation | - | - | - | 7 900 | 7 900 | 12 426 | 12 867 | 12 644 |
| Street Lighting | - | - | - | - | - | 22 | 22 | 22 |
| Infrastructure - Water | 10 491 | 9 286 | 9 503 | 10 565 | 10 565 | 9 978 | 17 398 | 18 454 |
| Dams & Reservoirs | 2 547 | 1 211 | 1 256 | 1 771 | 1 771 | 1 280 | 1 401 | 1 855 |
| Water purification | - | - | 1 343 | 57 | 57 | 1 363 | 1 357 | 1 357 |
| Reticulation | 7 944 | 8 075 | 6 904 | 8 737 | 8 737 | 7 335 | 14 640 | 15 243 |
| Infrastructure - Sanitation | 9 147 | 8 755 | 13 387 | 13 144 | 13 144 | 13 409 | 13 707 | 13 638 |
| Reticulation | 9 147 | 8 755 | 13 387 | 11 939 | 11 939 | 7 428 | 7 726 | 7 641 |
| Sewerage purification | - | - | - | 1 205 | 1 205 | 5 981 | 5 981 | 5 997 |
| Infrastructure - Other | 538 | 217 | 364 | 500 | 500 | 379 | 378 | 473 |
| Waste Management | 538 | 217 | 364 | 479 | 479 | 379 | 378 | 473 |
| Other | - | - | - | 21 | 21 | - | - | - |
| <u>Community</u> | 2 769 | 1 096 | 1 195 | 4 514 | 4 514 | 2 424 | 2 704 | 3 227 |
| Parks & gardens | 118 | 75 | 140 | 49 | 49 | 300 | 310 | 310 |
| Sportsfields & stadia | 2 529 | 887 | 913 | 1 031 | 1 031 | 995 | 885 | 795 |
| Swimming pools | - | - | - | 33 | 33 | 317 | 128 | 128 |
| Community halls | - | - | - | 790 | 790 | 14 | 57 | 57 |
| Libraries | - | - | - | 383 | 383 | 100 | 100 | 100 |
| Recreational facilities | - | - | - | 496 | 496 | 242 | 701 | 1 391 |
| Fire, safety & emergency | - | - | - | 139 | 139 | 9 | 9 | 9 |
| Security and policing | - | - | - | 636 | 636 | 245 | 309 | 241 |
| Clinics | - | - | - | 489 | 489 | - | - | - |
| Museums & Art Galleries | - | - | - | 34 | 34 | - | - | - |
| Cemeteries | 122 | 133 | 143 | 25 | 25 | 143 | 136 | 128 |
| Social rental housing | - | - | - | 13 | 13 | - | - | - |
| Other | - | - | - | 397 | 397 | 58 | 70 | 70 |
| <u>Investment properties</u> | 1 556 | 1 566 | 25 | 233 | 233 | 25 | 25 | 25 |
| Housing development | - | - | - | 233 | 233 | 25 | 25 | 25 |
| Other | 1 556 | 1 566 | 25 | - | - | - | - | - |
| <u>Other assets</u> | 13 883 | 12 710 | 11 739 | 9 020 | 9 020 | 14 641 | 14 368 | 14 859 |
| General vehicles | 2 204 | 2 013 | 1 723 | 1 853 | 1 853 | 2 516 | 2 897 | 3 960 |
| Specialised vehicles | 1 022 | 798 | 659 | 999 | 999 | 745 | 656 | 702 |
| Plant & equipment | - | 1 565 | 1 469 | 1 975 | 1 975 | 4 664 | 4 394 | 4 363 |
| Computers - hardware/equipment | 1 167 | 797 | 969 | 503 | 503 | 1 210 | 995 | 964 |
| Furniture and other office equipment | 2 739 | 722 | 427 | 1 329 | 1 329 | 432 | 364 | 379 |
| Civic Land and Buildings | - | - | - | 1 492 | 1 492 | - | - | - |
| Other Buildings | 6 657 | 6 684 | 6 196 | 828 | 828 | 5 075 | 5 063 | 4 490 |
| Other Land | 21 | - | - | 31 | 31 | - | - | - |
| Other | 73 | 132 | 295 | 10 | 10 | - | - | - |
| <u>Intangibles</u> | 118 | 235 | 556 | 159 | 159 | 745 | 658 | 605 |
| Computers - software & programming | 118 | 235 | 556 | 159 | 159 | 745 | 658 | 605 |
| Total Depreciation | 74 919 | 69 939 | 73 824 | 78 876 | 78 876 | 83 678 | 91 981 | 93 725 |

MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 4 interns undergoing training in various divisions of the Financial Services Department. One intern are permanently based in the Budget office to help build capacity. During the past year one intern has been absorbed by the municipality and is permanently employed in the budget office.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document will be finalised after approval of the 2016/17 MTREF at least 30 days before the start of the financial year. The SDBIP will be aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The majority of the employees and interns who participated in the Municipal Minimum Competency Training Programme graduated already and on the 4th of December 2015.

8. Policies

Refer to section 2.3.

2.14 Service Standards

In line with the requirement of MFMA Circular 75 and 78, the following service standards are presented:

| Province: SWARTLAND (WC015) - Schedule of Service Delivery Standards | |
|--|---|
| Standard | Description |
| Solid Waste Removal | |
| Premise based removal (Residential Frequency) | 1/week |
| Premise based removal (Business Frequency) | 1 to 5/week |
| Bulk Removal (Frequency) | some twice daily, but most 2/week |
| Removal Bags provided(Yes/No) | No, only for equitable share households |
| Garden refuse removal Included (Yes/No) | With household refuse weekly |
| Street Cleaning Frequency in CBD | 2/week to daily |
| Street Cleaning Frequency in areas excluding CBD | weekly to monthly |
| How soon are public areas cleaned after events (24hours/48hours/longer) | 24hours |
| Clearing of illegal dumping (24hours/48hours/longer) | Household, daily to weekly. Builders rubble and garden refuse monthly |
| Recycling or environmentally friendly practices(Yes/No) | 77 Recycling igloos throughout eleven towns and schools |
| Licensed landfill site(Yes/No) | 6 of which one is for household refuse |
| Water Service | |
| Water Quality rating (Blue/Green/Brown/NO drop) | Blue Drop |
| Is free water available to all? (All/only to the indigent consumers) | 5kl free to all |
| Frequency of meter reading? (per month, per year) | per month |
| Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period) | three month's |
| On average for how long does the municipality use estimates before reverting back to actual readings? (months) | three month's |
| Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions) | |
| One service connection affected (number of hours) | 3 hours |
| Up to 5 service connection affected (number of hours) | 3 hours |
| Up to 20 service connection affected (number of hours) | 3 hours |
| Feeder pipe larger than 800mm (number of hours) | 10 hours |
| What is the average minimum water flow in your municipality? | 0.2m3/h |
| Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No) | No |
| How long does it take to replace faulty water meters? (days) | 1 day |
| Do you have a cathodic protection system in place that is operational at this stage? (Yes/No) | No |
| Electricity Service | |
| What is your electricity availability percentage on average per month? | 99.44% including Eskom load shedding |
| Do your municipality have a ripple control in place that is operational? (Yes/No) | YES in Malmesbury |
| How much do you estimate is the cost saving in utilizing the ripple control system? | R425 000 per year |
| What is the frequency of meters being read? (per month, per year) | per month |
| Are estimated consumption calculated at consumption over (two month's/three month's/longer period) | three month's |
| On average for how long does the municipality use estimates before reverting back to actual readings? (months) | three month's |
| Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer) | 90% within 1,5 hours |
| Are accounts normally calculated on actual readings? (Yes/no) | Yes |
| Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No) | Yes |
| How long does it take to replace faulty meters? (days) | 2 days |
| Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No) | Yes |
| How effective is the action plan in curbing line losses? (Good/Bad) | Good: total electricity losses= 5.74% |
| How soon does the municipality provide a quotation to a customer upon a written request? (days) | 1 day |
| How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days) | 1 day |
| How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days) | 10 days |
| How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days) | 10 days |

| Province: SWARTLAND (WC015) - Schedule of Service Delivery Standards | |
|--|--|
| Standard | Description |
| Service Level | |
| Sewerage Service | |
| Are your purification system effective enough to put w ater back in to the system after purification? | Effluent complies to General Limits of DWA |
| To w hat extend do you subsidize your indigent consumers? | Subsidize full sewerage levy |
| How long does it take to restore sewerage breakages on an average | |
| Severe overflow ? (hours) | 3 hours |
| Sew er blocked pipes: Large pipes? (Hours) | 10 hours |
| Sew er blocked pipes: Small pipes? (Hours) | 3 hours |
| Spillage clean-up? (hours) | 10 hours |
| Replacement of manhole covers? (Hours) | 24 hours |
| Road Infrastructure Services | |
| Time taken to repair a single pothole on a major road? (Hours) | 36 hours |
| Time taken to repair a single pothole on a minor road? (Hours) | 36 hours |
| Time taken to repair a road follow ing an open trench service crossing? (Hours) | 36 hours |
| Time taken to repair w alkw ays? (Hours) | 36 hours |
| Property valuations | |
| How long does it take on average from completion to the first account being issued? (one month/three months or longer) | semi- annually |
| Do you have any special rating properties? (Yes/No) | No |
| Financial Management | |
| Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase) | Decrease |
| Are the financial statement outsources? (Yes/No) | No |
| Are there Council adopted business processes structuring the flow and managemet of documentation feeding to Trial Balance? | Yes |
| How long does it take for an Tax/Invoice to be paid from the date it has been received? | 30 Days |
| Is there advance planning from SCM unit linking all departmental plans quaterly and annually including for the next tw o to three years procurement plans? | Yes |
| Administration | |
| Reaction time on enquiries and requests? | Acknowledgement of receipt within five working days, or immediately after capture by an SMS system |
| Time to respond to a verbal customer enquiry or request? (w orking days) | within 10 working days |
| Time to respond to a written customer enquiry or request? (w orking days) | within 10 working days |
| Time to resolve a customer enquiry or request? (w orking days) | within 10 working days |
| What percentage of calls are not answered? (5%,10% or more) | > 5% |
| How long does it take to respond to voice mails? (hours) | N/A |
| Does the municipality have control over locked enquiries? (Yes/No) | Yes |
| Is there a reduction in the number of complaints or not? (Yes/No) | Yes |
| How long does it take to open an account to a new customer? (1 day/ 2 days/ a w eek or longer) | 1 day |
| How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings? | N/A |
| Community safety and licensing services | |
| How long does it take to register a vehicle? (minutes) | ± 4 min. |
| How long does it take to renew a vehicle license? (minutes) | ± 1 min |
| How long does it take to issue a duplicate registration certificate vehicle? (minutes) | ± 6 min. |
| How long does it take to de-register a vehicle? (minutes) | ± 5 min. |
| How long does it take to renew a drivers license? (minutes) | ± 4 min. |
| What is the average reaction time of the fire service to an incident? (minutes) | ± 12 min in urban area |
| What is the average reaction time of the ambulance service to an incident in the urban area? (minutes) | N/A |
| What is the average reaction time of the ambulance service to an incident in the rural area? (minutes) | N/A |
| Economic development | |
| How many economic development projects does the municipality drive? | N/A |
| How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic grow th projects? | N/A |
| What percentage of the projects have created sustainable job security? | N/A |
| Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No) | N/A |
| Other Service delivery and communication | |
| Is a information package handed to the new customer? (Yes/No) | No |
| Does the municipality have training or information sessions to inform the community? (Yes/No) | No. Communication |
| Are customers treated in a professional and humanly manner? (Yes/No) | Yes |

2.15 mSCOA Budget Implementation Plan

National Treasury have also recently introduced legislation relating to the chart of accounts to be used by municipalities, also referred to as the “Municipal Standard Chart of Accounts or “mSCOA”. Although the regulation is still in its infant stage (only being legislated on 22 April 2014), all municipalities in South Africa should fully comply with the regulations in financial years starting on or after 1 July 2017. To ensure successful implementation of the SCOA regulations, municipalities should already prepare and approve a fully mSCOA compliant budget in the next budget cycle.

The following proposed plan, with time frames, will be implemented:

| | |
|-----------------------|---|
| Progress to date | <ul style="list-style-type: none"> • Matched the existing municipal chart to the regulated Municipal SCOA classification framework. Identified and documented any anomalies. • Matching the existing vote, cost centre and budget structures operational in the municipality to the Function Segment of the Municipal SCOA classification framework. • Attended the first mSCOA non accredited 3-day training in October 2015. • Still to finalize the MOU. |
| March – Apr 2016 | <ul style="list-style-type: none"> • A tender will be issued to obtain the services of an mSCOA specialist to assist with the implementation and coordination. • Finalize MOU with Rdata so that the data cleansing and reconciliations between the old and new data can be performed. |
| April – Sep 2016 | <ul style="list-style-type: none"> • Compiling the 2016/17 MTREF Budget in the mSCOA format, to make the compilation of the 2017/18 budget easier. • Meetings with Departments to help with this project based budget. |
| Oct – Nov 2016 | <ul style="list-style-type: none"> • Directors to submit 2017/18 (MTREF) Operating and Capital budget input and statistics to Budget office to consolidate inputs and compile Draft Budgets. |
| Nov 2016 – April 2017 | <ul style="list-style-type: none"> • Meet with Directors and Council to verify and conclude the 2017/18 MTREF Draft Budget. |
| 1 July 2017 | <ul style="list-style-type: none"> • Implementation of mSCOA compliant budget. |

2.15 Manager's quality certificate

I J. J. Schertz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: J. J. Schertz

Municipal Manager of Swartland Municipality

Signature: _____

Date: 8/3/2016